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Unemployment Insurance Review

July 1965

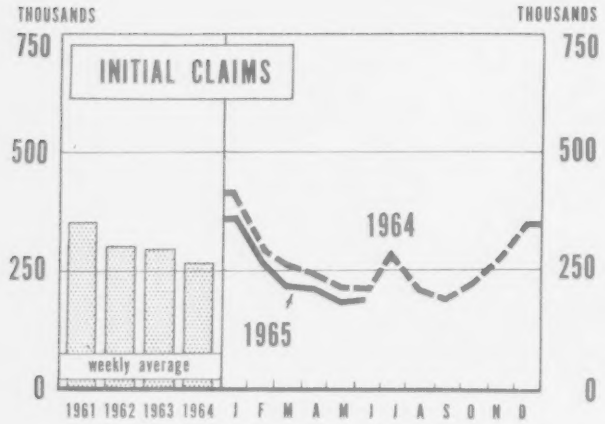
In this issue . . .

Status of State UI Reserve Funds
State UI Legislation in 1965
The Economy in Fiscal Year 1965

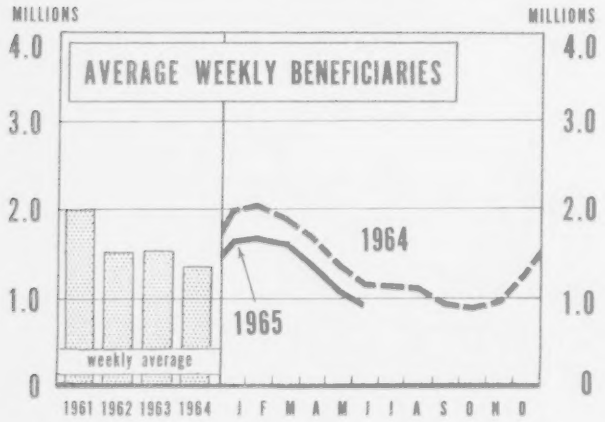
UNITED STATES DEPARTMENT OF LABOR MANPOWER ADMINISTRATION

UNEMPLOYMENT INSURANCE ACTIVITIES

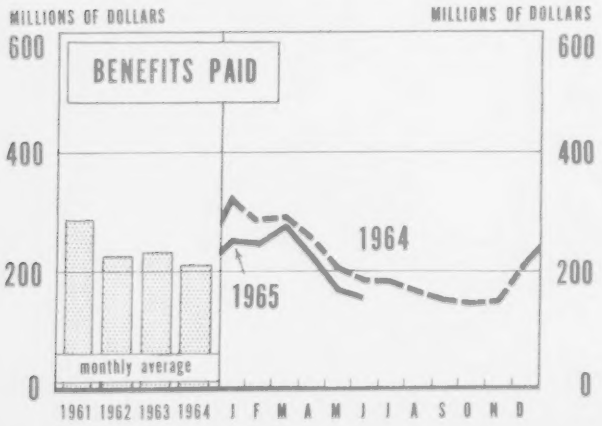
UNDER STATE PROGRAMS



Initial claims rose slightly from a weekly average of 186,500 in May to 191,100 in June, but this was 26,900 below the June 1964 average and was the lowest for any June since 1953.



Payments under regular State unemployment insurance programs were made to a weekly average of 941,300 beneficiaries during June. This was 11 percent below the May average and almost 18 percent lower than in June 1964.



Benefits paid to insured jobless workers under State programs totaled $156 million in June—6 percent below the May figure and 15 percent less than a year earlier. For the first 6 months of 1965, benefit payments under State unemployment insurance programs totaled $1.3 billion, compared with $1.5 billion for the same 1964 months.

Unemployment Insurance Review

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U.S. DEPARTMENT OF LABOR
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MANPOWER ADMINISTRATION
Stanley H. Ruttenberg, Administrator

BUREAU OF EMPLOYMENT SECURITY
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UNEMPLOYMENT INSURANCE SERVICE
William U. Norwood, Jr., Director

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The UIS Director Comments

From its inception, the United States unemployment insurance program has held to the goal of covering all wage and salary workers so that all who work for others, and risk becoming involuntarily unemployed, would be protected. When the Social Security Act was passed in 1935, it was clear why some groups could not then be covered by the UI program. Exclusions, mainly for administrative reasons, involved questions of feasibility and concern about costs. Most persuasive was the recognition that, to help ensure its success, this new venture ought not to be overloaded with deferrable coverage problems.

A generation later, we still have important gaps in UI coverage; close to a fourth of all wage and salary workers are not protected. Nonetheless, we can point to significant progress and we look forward to more. By dint of Federal and State actions, all States now cover employers of four or more instead of only employers of eight or more workers. Federal legislation has extended protection to Federal civilian workers and ex-servicemen; has established a separate UI system for railroad workers; and has provided for State coverage of maritime workers, of persons employed by "feeder organizations" of nonprofit organizations, and of certain agricultural processing workers. In Puerto Rico and Hawaii, agricultural coverage is a material part of the UI programs. Alaska, Colorado, the District of Columbia, and Hawaii have substantial, if not comprehensive, coverage of nonprofit organizations. Both Hawaii and New York have fairly broad coverage of domestic service in private homes.

About 8 million wage and salary jobs in private employment are still not covered by UI, but there is reason to hope that coverage of these workers can be expanded substantially. Years of experience have brought optimism, and confidence that administrative problems of coverage extension can be met. By now, individual States have had useful UI experience with at least one of almost all the major excluded categories. Most important, a public attitude seems to be emerging that questions the reasonableness of covering some privately employed wage and salary workers but not others.

Despite current optimism about extending protection to these groups, we seem to face a real impasse in the largest sector of the noncovered population—State and local government.

Almost half of the 15 million jobs now excluded are in State and local government. Although 33 States provide some form of coverage for these workers, only about 6 percent of them were covered in 1963. At the local government level, only Hawaii provides for comprehensive mandatory coverage; 6 other States make it mandatory only for certain specified local government service; 25 States permit local governments to elect coverage but little advantage has been taken of this authority. At the State level, 10 States have mandatory coverage, usually subject to substantial exceptions. Another 16 States permit their agencies to elect coverage; relatively few have done so.

Historically, the Federal Unemployment Tax Act has been the vehicle for the Federal Government to encourage States to cover private employment under State UI laws. Coverage of State and local government workers, however, has had to depend upon a State's own interest in furnishing such protection because the Federal Government has no authority to tax State and local governments. It seems reasonable to assume, since State and local government employment has been one of the fastest growing sectors in the total job economy, that such interest would be self-generated by the States or by State and local government worker groups.

It could be reasonably assumed also, particularly where coverage is elective, that State employment security agencies would elect protection for their own employees since these agencies generally have pushed for extension of coverage to privately employed wage and salary workers. Further, coverage costs for employees of these agencies are administrative costs which may properly be paid out of federally granted funds. But, oddly enough, in only 6 out of the 16 States where coverage is elective have the State employment security agencies covered their employees. Considering the UI protection available under both mandatory and elective coverage provisions, less than a third of all employees in State employment security agencies have UI protection. This seems somewhat less than effective institutional advertising.

Status of State UI Reserve Funds

Paschal C. Zecca*

AN INCREASE in unemployment insurance reserve funds during 1964 was accompanied by some improvement in the reserve fund adequacy of a few States, particularly among those where it had been below the minimum considered necessary to meet the benefit costs of any future recession period. These improvements reflected, in part, increased levels of employment, advances in wage rates, and expansion in the volume of wages subject to State unemployment insurance taxes.

The year 1964 marked the third time since 1957 that unemployment insurance reserves of the 52 State systems increased in dollar amount as well as in percent of taxable and of total wages. Totaling $7.3 billion as of December 31, 1964, these reserves were more than $648 million (9.8 percent) larger than a year earlier. They amounted to 5.44 percent of taxable wages and 3.17 percent of total wages paid in covered employment in 1964, compared with the corresponding reserve ratios of 5.13 percent and 2.98 percent at the end of 1963.

Employer tax collections and benefit payments to the insured unemployed are the two principal items that determine the level of reserve fund accretion or diminution. Although the average employer tax rate was lower in 1964 than in 1963, 2.2 percent as against 2.31 percent of taxable wages, respectively, tax collections of $3.05 billion in 1964 were at an alltime high. This high level of contributions was due in large measure to the rise in employment that more than kept pace with the expansion in the labor force (table 1).

On the disbursements side, benefit payments of $2.5 billion (a cost rate of 1.10 percent of total wages) were down 9.1 percent. The drop in benefit payments reflects the improvement in the level of insured unemployment, which declined from a weekly average of 1.79 million in 1963 to 1.61 million in 1964. Part and parcel of the improvement in the level of unemployment, which had an impact on benefit payments, were these developments: (1) the number of different beneficiaries receiving one or more payments was less than in 1963 as indicated by the decrease over the year in the number of first payments, from 6.04 million to 5.50 million in 1964; (2) the average number of weeks of benefits paid to claimants declined from 13.3 weeks in 1963 to 13.0 weeks in 1964; (3) the average weekly benefit check for total insured unemployment averaged $35.96 and was 68 cents more than in 1963, reflecting both changes in the benefit formulas of State laws and increases in workers' earnings levels; and (4) the number of claimants who exhausted their benefit rights was smaller in 1964—1.37 million, as against 1.57 million in the preceding year.

The uninterrupted economic expansion that had been sustained for nearly 4 years at the end of 1964 has had a fundamental impact on the financing of the unemployment insurance system. One of the direct measures of that impact is the growth of the labor force and jobs, and the resulting increase in wages and in tax revenue to the unemployment insurance system. Another measure is the improvement, however sluggish, in the level of unemployment, which has brought down the level of benefit payments.

In the overall economy, significant advances were made in almost all activities in 1964. Total employment reached 70.4 million, an increase of 1.6 million over 1963, compared with the rise of 1 million in the preceding year. While unemployment was still at a relatively high level, 3.9 million, it was some 300,000 below that for the previous year. The unemployment rate averaged 5.2 percent in 1964, down from 5.3 percent in 1963. The rise in gross national product to $628.7 billion in 1964—a gain of $39.5 billion, or 6.7 percent over 1963—reflected the increased demands of consumers, business, and government. Measured in real terms, or constant dollars, the increase in GNP amounted to 5.0 percent in 1964, compared with the 3.8 percent gain of 1963 and the less than 6.6 percent rise in 1962. The average annual increase for the postwar period as a whole has amounted to slightly more than 3.7 percent.

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Nationally, unemployment insurance reserve funds totaling $7.3 billion on December 31, 1964, (3.17 percent of total wages) were equal to 1.55 times the highest 12-month cost rate (benefits as a percent of total wages), during the 10-year period 1955–64 (tables 3 and 4). This was the peak year-ending multiple and was the first time that it has reached the 1.5 figure since 1960.

A multiple of 1.5, as a general guide, is considered the minimum level of reserve fund adequacy in terms of meeting the benefit costs of a future recession period. In this respect, some States improved their position between 1963 and 1964. The number of States having at least the minimum level of reserve fund adequacy (1.5) increased from 28 to 32 over the year (table A). Multiples of 2.0 or more prevailed in 22 States in 1964, 9 States had multiples of 3.0 or more, and 4 States had multiples above 4.0. The number of States with reserve funds below their costs of a full recession similar to those experienced in recent years declined from 24 to 20 over the year. In six of these States in 1964, the reserve ratio was less than the highest 12-month cost experience, that is, a multiple of less than 1.0 (Alaska, Michigan, Minnesota, Ohio, Pennsylvania, and Vermont). For all 52 jurisdictions, the reserve multiple ranged from 0.36 in Minnesota to 5.61 in the District of Columbia (table 4).

TABLE A.—DISTRIBUTION OF STATES BY RESERVE MULTIPLE INTERVAL, 1963 AND 1964 [1]

Reserve multiple interval	Number of States as of—	
	December 31, 1964	December 31, 1963
Total	52	52
Less than 1.00	6	6
1.00–1.49	14	18
1.50–1.99	10	8
2.00–2.99	13	12
3.00–3.99	5	4
4.00 and over	4	4

[1] Includes the District of Columbia and Puerto Rico.

These data, while showing an improvement in fund solvency for the Nation as a whole, do not indicate to what extent individual States experienced a decrease in their reserve multiple, although not necessarily a lowering of fund solvency. The extent and direction of shifts of States from one reserve multiple interval to another between 1963 and 1964 are indicated in table B. With one exception, States either remained in the same interval or moved into the next higher interval in 1964. Eight States moved to higher reserve multiples—four of them from the 1.00–1.49 interval

TABLE 1.—NONINSTITUTIONAL POPULATION, THE LABOR FORCE, AND

Calendar Year	CIVILIAN POPULATION AND LABOR FORCE 1/ (average monthly number of persons, in millions)							SELECTED UNEMPLOYMENT			
	Population	Labor force	Employed			Unemployed	Not in labor force	Average monthly covered employment (in millions)	Wages in covered employment (in millions)		Average weekly insured unemployment (in millions)
			Total	Nonagricultural	Agricultural				Total	Taxable	
1954...	112.9	64.5	61.2	54.7	6.5	3.2	48.4	35.4	$137,069	$96,539	1.86
1955...	114.3	65.8	63.2	56.5	6.7	2.7	48.5	36.6	148,638	101,575	1.25
1956...	115.9	67.5	65.0	58.4	6.6	2.6	48.3	39.0	164,508	109,816	1.21
1957...	117.6	67.9	65.0	58.8	6.2	2.9	49.7	39.7	173,644	112,826	1.45
1958...	119.3	68.6	64.0	58.1	5.8	4.7	50.7	38.1	171,521	109,144	2.51
1959...	120.8	69.4	65.6	59.7	5.8	3.8	51.4	39.5	186,897	115,272	1.68
1960...	122.9	70.6	66.7	61.0	5.7	3.9	52.2	40.2	195,086	119,260	1.91
1961...	125.3	71.6	66.8	61.3	5.5	4.8	53.7	40.1	199,044	119,371	2.29
1962...	127.3	71.9	67.8	62.7	5.2	4.0	55.4	41.3	212,576	125,497	1.78
1963...	129.4	73.0	68.8	63.9	4.9	4.2	56.4	42.0	222,979	129,586	1.79
1964...	131.4	74.2	70.4	65.6	4.8	3.9	57.2	43.2	239,159	136,326	1.61

1/ Excludes inmates of institutions, persons under 14 years of age, and members of the Armed Forces.

to the 1.50–1.99 interval. One State fund shifted to a lower interval—from 1.00–1.49 in 1963 to under 1.00 in 1964. Shifts up or down within an interval, however, do not show up in this table.[1]

As one would expect, there have been diverse movements of the reserve multiple among the States between December 31, 1963, and December 31, 1964. Seventeen States experienced decreases in their reserve multiple, 33 had increases, and 2 had no change. All the decreases except two, however, were relatively small and were divided about evenly between the group with low multiples and the group with high multiples. (The two exceptions were Minnesota, which had a multiple of 0.36 on December 31, 1964, as against 0.47 at the end of the previous year, and Vermont, which dipped from 1.02 to 0.90.) In contrast, most of the increases in the multiple were concentrated in the lower multiple group. Also, the largest relative increases occurred in multiples under 1.00.

The improvement in fund solvency, while evident on an overall basis, was, therefore, not shared by all the States. In using the multiple to evaluate the adequacy of reserves for meeting future recession costs, it must be recognized that reserves may become higher than necessary to meet potential liability. Accordingly, a substantial decrease in a relatively high multiple may in some cases be viewed with no misgivings at all. The low level of the multiple in some States, however, is cause for concern, particularly when no recent significent improvement has occurred.

The changes in reserve fund solvency that have been indicated in this article are short-run, and their full significance can be determined only in

[1] For detailed 1963 data, see "Appraisal of State UI Reserve Funds," *Unemployment Insurance Review*, April 1964, p. 28.

TABLE B.—SHIFTS AMONG STATES, FROM ONE RESERVE MULTIPLE INTERVAL TO ANOTHER, 1963 TO 1964 [1]

Reserve multiple interval	Number of States, by reserve multiple interval, as of December 31						
	Total	Under 1.00	1.00–1.49	1.50–1.99	2.00–2.99	3.00–3.99	4.00 and over
		1963					
Total	52	6	18	8	12	4	4
	1964						
Under 1.00	6	5	1				
1.00–1.49	14	1	13				
1.50–1.99	10		4	6			
2.00–2.99	13			2	11		
3.00–3.99	5				1	4	
4.00 and over	4						4

[1] Includes the District of Columbia and Puerto Rico.

SELECTED DATA ON STATE UNEMPLOYMENT INSURANCE PROGRAMS, 1954–1964

INSURANCE DATA, STATE PROGRAMS

Average weekly number of beneficiaries (in millions)	Benefit Payments				UI Financial Operations (amounts in millions)				Calendar Year
	Average weekly amount 2/	Average actual duration (weeks)	First payments (in millions)	Final payments (exhaustions, in millions)	Collections	Interest credited	Benefits paid	Reserve funds available, Dec. 31	
1.61	$24.93	12.8	6.59	1.77	$1,136.2	$198.6	$2,026.9	$8,219.1	...1954
1.08	25.04	12.4	4.51	1.27	1,208.8	185.0	1,350.3	8,263.9	...1955
1.02	27.02	11.4	4.66	.98	1,463.3	199.6	1,380.7	8,573.6	...1956
1.23	28.17	11.6	5.72	1.14	1,544.3	220.4	1,733.9	8,662.1	...1957
2.22	30.54	14.8	7.83	2.50	1,471.0	199.0	3,512.7	6,952.7	...1958
1.46	30.40	13.1	5.82	1.67	1,955.7	177.9	2,279.0	6,892.2	...1959
1.64	32.87	12.7	6.75	1.60	2,288.5	194.5	2,726.7	6,643.3	...1960
2.00	33.80	14.7	7.07	2.37	2,449.7	176.1	3,422.7	5,802.0	...1961
1.53	34.56	13.1	6.07	1.64	2,952.1	173.4	2,675.4	6,272.9	...1962
1.54	35.28	13.3	6.04	1.57	3,019.1	194.5	2,774.7	6,648.0	...1963
1.37	35.96	13.0	5.50	1.37	3,047.6	224.8	2,522.1	7,296.3	...1964

2/ For total unemployment only.

TABLE 2.—SUMMARY OF FINANCIAL ACTIVITIES OF STATE UNEMPLOYMENT INSURANCE FUNDS, CALENDAR YEAR 1964
(IN THOUSANDS)

State	Available reserve fund as of December 31, 1963 1/	Revenue during year				Disbursements during year				Available reserve fund as of December 31, 1964 1/
		Total revenue	Contributions collected 2/	Interest earned	Transfers to State accounts 3/	Total disbursements	Benefits paid	Penalties and interest 4/	Transfers out of State accounts 5/	
United States....	$6,648,314	$3,280,969	$3,047,504	$224,809	$8,656	$2,633,026	$2,522,100	$11,463	$99,463	$7,296,255
Alabama.....	66,245	36,107	33,502	2,528	77	23,494	18,744	32	4,718	78,858
Alaska.....	8,021	8,732	8,704	28	--	5,486	5,486	--	--	11,267
Arizona.....	65,661	15,098	12,829	2,244	25	14,273	14,238	35	--	66,486
Arkansas.....	29,569	14,089	13,076	976	37	14,796	13,127	23	1,646	28,862
California.....	641,473	526,412	504,271	21,784	357	511,872	511,037	835	--	656,011
Colorado.....	49,917	20,267	18,475	1,792	--	12,748	12,410	12	326	57,436
Connecticut.....	170,204	57,341	51,457	5,819	65	47,477	47,451	26	--	180,068
Delaware.....	16,289	10,605	10,045	560	--	7,336	7,336	--	--	19,558
Dist. of Col.....	63,796	9,794	7,478	2,131	185	10,066	10,066	--	--	63,525
Florida.....	135,492	46,229	41,236	4,964	29	24,636	24,326	137	173	157,086
Georgia.....	156,194	37,469	31,823	5,562	84	19,729	19,622	62	45	173,934
Hawaii.....	15,428	11,549	10,973	557	19	7,697	7,691	6	--	19,282
Idaho.....	27,094	9,406	8,520	886	--	8,149	8,061	10	78	28,351
Illinois.....	424,950	180,614	164,826	15,090	698	115,664	115,128	376	160	489,900
Indiana.....	149,473	49,919	44,498	5,207	214	34,505	34,463	42	--	164,887
Iowa.....	107,912	14,394	10,702	3,672	20	10,258	10,258	--	--	112,049
Kansas.....	61,232	17,154	14,987	2,047	120	16,239	16,182	17	40	62,149
Kentucky.....	106,821	30,614	27,031	3,583	--	25,621	25,621	--	--	111,814
Louisiana.....	102,586	36,483	32,715	3,618	150	25,470	25,430	40	--	113,598
Maine.....	26,740	12,564	11,591	938	35	9,145	9,133	12	--	30,160
Maryland.....	121,374	68,687	64,123	4,560	4	41,403	35,024	55	6,324	148,658
Massachusetts....	190,655	139,745	133,524	6,178	43	132,464	132,464	--	--	197,936
Michigan.....	304,965	196,157	187,232	8,902	23	86,721	78,513	8,208	--	414,401
Minnesota.....	29,513	29,864	28,612	765	487	36,345	36,296	49	--	23,031
Mississippi.....	40,228	20,678	19,121	1,477	80	11,309	11,309	--	--	49,597
Missouri.....	206,895	50,481	43,063	7,167	251	37,321	37,321	--	--	220,055
Montana.....	21,412	5,893	5,201	661	31	7,270	7,267	3	--	20,034
Nebraska.....	40,533	10,712	9,224	1,358	130	9,127	8,979	13	135	42,119
Nevada.....	25,837	13,567	12,644	923	--	9,996	9,978	18	--	29,407
New Hampshire....	24,465	8,254	7,408	824	22	6,750	6,742	8	--	25,968
New Jersey.....	300,846	142,411	132,777	9,634	--	150,926	150,926	--	--	292,330
New Mexico.....	35,483	7,814	6,597	1,189	28	8,188	8,171	--	17	35,109
New York.....	1,154,714	469,692	428,088	39,497	2,107	452,131	406,287	553	45,291	1,172,276
North Carolina...	201,108	50,847	43,869	6,978	--	34,864	34,864	--	--	217,091
North Dakota.....	7,657	5,555	5,335	220	--	5,605	5,605	--	--	7,608
Ohio.....	126,360	214,669	208,989	5,465	215	108,301	108,300	1	--	232,727
Oklahoma.....	40,224	19,459	18,048	1,411	--	15,413	15,413	--	--	44,270
Oregon.....	71,967	39,089	36,271	2,591	227	25,195	25,193	2	--	85,861
Pennsylvania.....	156,560	296,024	293,073	2,732	219	213,943	175,664	212	38,067	238,641
Puerto Rico.....	46,807	20,031	18,280	1,694	57	16,130	15,722	408	--	50,708
Rhode Island.....	41,165	21,939	20,492	1,447	--	16,857	14,880	--	1,977	46,246
South Carolina...	80,401	21,359	18,499	2,803	57	14,905	14,905	--	--	86,855
South Dakota.....	15,635	2,832	2,334	498	--	3,335	3,335	--	--	15,132
Tennessee.....	73,943	42,113	39,378	2,632	103	28,993	28,856	19	118	87,062
Texas.....	230,481	63,884	54,695	7,848	1,341	56,442	56,343	99	--	237,923
Utah.....	39,964	10,980	9,662	1,303	15	12,670	12,594	30	46	38,274
Vermont.....	7,984	4,790	4,572	218	--	5,982	5,977	5	--	6,793
Virginia.....	123,390	26,767	22,224	4,348	195	13,239	13,208	31	--	136,919
Washington.....	202,154	59,908	52,976	6,771	161	62,201	62,167	34	--	199,861
West Virginia....	58,165	16,329	14,327	1,955	47	14,732	14,705	27	--	59,713
Wisconsin.....	197,382	49,197	41,943	6,560	694	46,691	46,368	21	302	199,935
Wyoming.....	4,951	6,398	6,185	213	--	2,911	2,909	2	--	8,436

1/ Represents sum of balances at end of month in States' clearing account and benefit-payment account, and in State Unemployment Trust Fund Account in U. S. Treasury; State Unemployment Trust Fund balance in U. S. Treasury includes amounts credited to States' accounts in the Unemployment Trust Fund under the provisions of the Employment Security Administrative Financing Act of 1954 as amended. Includes outstanding advances from Federal account in Unemployment Trust Fund as follows:

December 31, 1963		December 31, 1964	
Alaska	$8,295,901	Alaska	$8,084,385
Michigan	$105,710,834	Michigan	$89,488,969
Pennsylvania	$99,449,000	Pennsylvania	$86,831,000

2/ Data represent contributions, penalties, and interest from employers, and contributions from employees in three States (Alabama, Alaska and New Jersey) which tax workers. Adjusted for refunds and for dishonored contribution checks.

3/ Includes amount of reimbursements from the Federal Extended Compensation Account (TEC Act 1961), Manpower Development Training Act of 1962, and the Temporary Unemployment Compensation Act of 1958 to the Unemployment Trust Fund Account.

4/ Represents penalties and interest collected from delinquent employers and transferred to States' special administrative fund.

5/ Includes funds withdrawn from the Unemployment Trust Fund for administration and for restoration of funds made available to the States in 1958 under the Temporary Unemployment Compensation Act of 1958 (TUC).

relation to long-term financial developments. This is because unemployment insurance financing is appropriately related not to income and outgo for a single year but for a period of years. Adequate financing of unemployment insurance requires attainment of a balance between income and outgo over a sufficiently long period of time to permit averaging of the program costs of peak years and troughs. When this is achieved, tax rates need not follow the fluctuations of costs directly, but rather inversely, that is, relatively low taxes in years of high benefit costs and relatively

TABLE 3.—SELECTED FINANCIAL DATA ON STATE UNEMPLOYMENT INSURANCE PROGRAMS, CALENDAR YEARS 1963 AND 1964
AVERAGE EMPLOYER TAX RATE, COST RATE, AND RESERVE RATIO

State	Tax base $3,000 except as shown, with effective dates 1/	Average employer tax rate: Contributions due as a percent of--				Cost rate: Benefits as a percent of--				Reserve ratio: Funds available as of December 31, as a percent of--			
		Taxable wages 1/		Total wages		Taxable wages 1/		Total wages		Taxable wages 1/		Total wages	
		1964 2/	1963	1964 3/	1963	1964 4/	1963	1964 4/	1963	1964 4/	1963	1964 4/	1963
UNITED STATES..		2.2	2.31	1.3	1.34	1.88	2.14	1.10	1.24	5.44	5.13	3.17	2.98
Alabama.....		5/ 1.7	5/ 1.99	5/ 1.1	5/ 1.26	1.17	1.57	.74	1.00	4.90	4.35	3.13	2.75
Alaska.....	$7,200 (1'60)	5/ 2.9	5/ 2.87	5/ 2.4	5/ 2.38	2.33	2.75	1.94	2.28	6/ 4.79	6/ 3.56	6/ 3.98	6/ 2.95
Arizona.....		1.5	1.50	.9	.88	1.66	1.47	.98	.86	7.77	7.89	4.58	4.62
Arkansas.....		1.5	1.46	1.1	1.04	1.52	1.53	1.09	1.09	3.34	3.59	2.39	2.55
California.....	3,800 (1'62)	3.0	3.05	1.9	1.90	3.09	3.06	1.93	1.91	3.96	4.01	2.47	2.50
Colorado.....		1.6	1.33	.9	.76	1.08	1.87	.61	1.06	4.98	4.48	2.84	2.55
Connecticut....		2.1	2.09	1.1	1.12	1.97	1.97	1.05	1.06	7.46	7.21	4.00	3.87
Delaware.....	3,600 (1'55)	2.1	2.36	1.2	1.35	1.62	1.57	.93	.90	4.32	3.70	2.47	2.11
Dist. of Col...		1.1	.88	.6	.49	1.23	1.37	.68	.76	7.75	8.12	4.32	4.51
Florida.....		1.3	1.40	.8	.88	.80	1.03	.51	.65	5.19	4.72	3.30	2.98
Georgia.....		1.4	1.37	.9	.89	.82	1.00	.54	.65	7.31	6.94	4.76	4.49
Hawaii.....	3,600 (1'62)	2.3	1.70	1.6	1.21	1.57	2.23	1.12	1.58	3.94	3.24	2.81	2.30
Idaho.....	3,600 (1'63)	2.1	2.15	1.5	1.51	2.14	2.39	1.50	1.68	7.55	7.21	5.28	5.06
Illinois.....		1.9	2.05	1.0	1.07	1.37	1.79	.72	.94	5.84	5.22	3.06	2.73
Indiana.....		1.1	1.26	.6	.69	.98	1.14	.53	.62	4.67	4.38	2.55	2.39
Iowa.....		.8	.80	.5	.46	.77	.87	.45	.51	8.38	8.30	4.87	4.82
Kansas.....		1.4	1.25	.8	.74	1.55	1.66	.91	.97	5.95	5.96	3.49	3.50
Kentucky.....		1.8	2.04	1.1	1.25	1.83	1.83	1.12	1.12	7.97	7.87	4.90	4.81
Louisiana.....		1.9	1.97	1.1	1.17	1.50	1.90	.89	1.13	6.70	6.38	3.96	3.80
Maine.....		2.2	2.12	1.5	1.41	1.62	1.96	1.08	1.30	5.36	4.88	3.57	3.24
Maryland.....		3.0	3.15	1.8	1.85	1.62	1.85	.95	1.09	6.86	5.76	4.02	3.38
Massachusetts..	3,600 (1'62)	2.8	2.49	1.8	1.61	2.65	2.78	1.70	1.79	3.96	3.86	2.54	2.49
Michigan.....	3,600 (4'63)	2.6	2.96	1.5	1.66	1.17	1.44	.66	.81	6/ 6.16	6/ 4.79	6/ 3.49	6/ 2.69
Minnesota.....		1.4	1.40	.8	.78	1.74	1.90	.96	1.05	1.10	1.45	.61	.80
Mississippi....		2.3	2.34	1.6	1.66	1.38	1.59	.98	1.13	6.04	5.09	4.30	3.61
Missouri.....		1.4	1.47	.8	.82	1.25	1.45	.70	.81	7.35	7.16	4.12	4.00
Montana.....		1.5	1.53	.9	.97	2.14	2.03	1.35	1.29	5.89	6.27	3.73	3.98
Nebraska.....		1.3	1.28	.8	.78	1.30	1.36	.78	.82	6.08	5.95	3.68	3.61
Nevada.....	3,600 (1'54)	2.7	2.70	1.8	1.77	2.13	1.66	1.40	1.09	6.27	5.72	4.12	3.76
New Hampshire..		1.7	1.61	1.1	1.05	1.52	1.88	.99	1.22	5.84	5.63	3.80	3.66
New Jersey.....		5/ 2.4	5/ 2.43	5/ 1.3	5/ 1.29	2.99	3.25	1.58	1.73	5.79	6.03	3.06	3.21
New Mexico.....		1.4	1.32	.9	.81	1.65	1.79	1.01	1.09	7.10	7.43	4.35	4.53
New York.....		2.7	3.24	1.4	1.73	2.58	2.92	1.37	1.56	7.45	7.48	3.96	3.99
North Carolina.		1.5	1.61	1.0	1.12	1.24	1.41	.86	.97	7.71	7.48	5.36	5.17
North Dakota...		2.5	2.48	1.6	1.55	2.69	2.25	1.70	1.41	3.65	3.76	2.30	2.36
Ohio.....		2.7	2.09	1.4	1.10	1.45	2.10	.76	1.10	3.11	1.74	1.63	.91
Oklahoma.....		1.5	1.86	.9	1.11	1.33	1.58	.80	.94	3.83	3.61	2.30	2.16
Oregon.....	3,800 (1'60)	2.3	2.70	1.6	1.86	1.65	1.70	1.14	1.17	5.62	4.94	3.89	3.40
Pennsylvania...	3,600 (1'64)	3.2	3.19	2.0	1.79	1.94	2.81	1.15	1.58	6/ 2.64	6/ 1.86	6/ 1.56	6/ 1.05
Puerto Rico....		2.7	2.70	2.3	2.26	2.60	2.09	2.18	1.74	8.37	8.31	7.04	6.92
Rhode Island...	3,600 (1'56)	2.7	2.70	1.9	1.87	1.97	2.37	1.37	1.65	6.11	5.58	4.26	3.88
South Carolina.		1.3	1.42	.9	1.00	1.13	1.24	.80	.87	6.61	6.39	4.67	4.50
South Dakota...		1.0	1.13	.6	.71	1.51	1.63	.95	1.03	6.85	6.91	4.30	4.38
Tennessee.....	3,300 (1'63)	1.8	1.75	1.2	1.18	1.31	1.48	.89	1.00	3.97	3.53	2.70	2.38
Texas.....		.9	.88	.5	.53	1.00	1.24	.60	.74	4.24	4.28	2.54	2.55
Utah.....	4,200 (1'64)	1.4	1.96	1.0	1.13	2.02	1.86	1.25	1.07	6.15	6.99	3.81	4.03
Vermont.....	3,600 (1'64)	1.9	1.74	1.4	1.13	2.58	2.74	1.72	1.78	2.94	3.63	1.96	2.35
Virginia.....		.8	1.24	.5	.79	.58	.66	.37	.42	6.02	5.66	3.84	3.60
Washington.....		2.7	2.70	1.5	1.48	3.16	2.91	1.72	1.60	10.16	10.27	5.53	5.65
West Virginia..	3,600 (1'62)	1.2	2.70	.8	1.74	1.34	1.60	.86	1.03	5.43	5.45	3.50	3.50
Wisconsin.....		1.6	1.55	.9	.84	1.73	1.84	.95	1.00	7.48	7.64	4.09	4.16
Wyoming.....		3.1	2.88	1.9	1.78	1.47	3.12	.92	1.93	4.27	2.56	2.65	1.59

1/ Taxable wages are those portions of the aggregate wages in covered employment which are subject to State unemployment insurance taxes. Taxable wages in 1964 were limited to the first $3,000 of earnings in all States except 15. (For a summary of State legislative enactments in 1965, including changes in the taxable wage base, see "State UI Legislation in 1965," in this issue of the "Unemployment Insurance Review," page 7 .)

2/ Estimates of average employer tax rates prepared by State employment security agencies.

3/ Estimated by Bureau of Employment Security. 4/ Based on wages for 12 months ended June 30, 1964. 5/ Excludes employee contributions.

6/ The reserve on which this ratio is based includes the amount advanced from the Federal Unemployment Account and not repaid. See table 2, footnote 1.

high taxes in years of low benefit costs. In addition, adequate reserves must be built up to provide a source of funds to pay benefits of high cost years. This serves to reduce dependence on current tax income during periods when a relatively high tax would not be economically desirable. These financial arrangements allow for enough flexibility to make periodic adjustments to correct for under- or over-financing tendencies. It is only in the light of these consideratons that one can gain a clear perspective on the critical issue of fund solvency.

TABLE 4.—RESERVE RATIO (RESERVES AS PERCENT OF TOTAL WAGES) AT END OF SPECIFIED PERIOD AS A MULTIPLE OF HIGHEST 12-MONTH BENEFIT COST RATE (BENEFIT PAYMENTS AS PERCENT OF TOTAL WAGES) DURING THE 10-YEAR PERIOD 1955–1964

State	December 31, 1964				December 31, 1963			
	Reserve ratio 1/ (Percent)	Highest Consecutive 12-month cost rate 1955-1964		Multiple of reserve ratio to highest cost	Reserve ratio (Percent)	Highest Consecutive 12-month cost rate 1955-1963		Multiple of reserve ratio to highest cost
		Rate 1/ (Percent)	12 months ending 2/			Rate (Percent)	12 months ending	
UNITED STATES	3.17			1.55	2.98	2.05	Dec. '58	1.45
Alabama	3.13			1.62	2.75	1.93	Nov. '58	1.42
Alaska	3/ 3.98			.84	3/ 2.95	4.75	Jun. '55	.62
Arizona	4.58			4.24	4.62	1.08	Aug. '61	4.28
Arkansas	2.39			1.36	2.55	1.76	Aug. '61	1.45
California	2.47			1.09	2.50	2.26	May. '61	1.11
Colorado	2.84			2.25	2.55	1.26	May. '63	2.02
Connecticut	4.00			1.39	3.87	2.87	Jan. '59	1.35
Delaware	2.47			1.54	2.11	1.60	Feb. '59	1.32
Dist. of Col	4.32	.77	Jan. '64	5.61	4.51	.76	Oct. '63	5.93
Florida	3.30			2.92	2.98	1.13	Oct. '61	2.64
Georgia	4.76			2.99	4.49	1.59	Nov. '58	2.82
Hawaii	2.81			1.52	2.30	1.85	Jul. '62	1.24
Idaho	5.28			2.36	5.06	2.24	Aug. '61	2.26
Illinois	3.06			1.78	2.73	1.72	Feb. '59	1.59
Indiana	2.55			1.47	2.39	1.73	Nov. '58	1.38
Iowa	4.87			5.02	4.82	.97	Dec. '61	4.97
Kansas	3.49			2.55	3.50	1.37	Feb. '61	2.55
Kentucky	4.90			1.70	4.81	2.88	Feb. '55	1.67
Louisiana	3.96			2.03	3.80	1.95	Oct. '61	1.95
Maine	3.57			1.26	3.24	2.84	Oct. '58	1.14
Maryland	4.02			1.84	3.38	2.19	Dec. '58	1.54
Massachusetts	2.54			1.23	2.49	2.06	Oct. '58	1.21
Michigan	3/ 3.49			.95	3/ 2.69	3.69	Dec. '58	.73
Minnesota	.61			.36	.80	1.70	Dec. '58	.47
Mississippi	4.30			2.11	3.61	2.04	Jan. '55	1.77
Missouri	4.12			3.27	4.00	1.26	Nov. '58	3.17
Montana	3.73			1.23	3.98	3.03	Oct. '58	1.31
Nebraska	3.68			3.76	3.61	.98	Oct. '58	3.68
Nevada	4.12			1.50	3.76	2.75	Oct. '58	1.37
New Hampshire	3.80			1.89	3.66	2.01	Jan. '55	1.82
New Jersey	3.06			1.16	3.21	2.63	Nov. '58	1.22
New Mexico	4.35			2.65	4.53	1.64	Oct. '61	2.76
New York	3.96			1.82	3.99	2.18	Feb. '59	1.83
North Carolina	5.36			2.91	5.17	1.84	Jan. '55	2.81
North Dakota	2.30			1.24	2.36	1.86	Nov. '61	1.27
Ohio	1.63			.67	.91	2.44	Dec. '58	.37
Oklahoma	2.30			1.72	2.16	1.34	Aug. '61	1.61
Oregon	3.89			1.36	3.40	2.85	Sep. '58	1.19
Pennsylvania	3/ 1.56			.52	3/ 1.05	3.02	Jan. '59	.35
Puerto Rico 4/	7.04	2.28	Nov. '64	3.09	6.92	1.92	Oct. '63	3.60
Rhode Island	4.26			1.43	3.88	2.97	Sep. '58	1.31
South Carolina	4.67			3.07	4.50	1.52	Jan. '55	2.96
South Dakota	4.30	1.04	Jan. '64	4.13	4.38	1.03	Dec. '63	4.25
Tennessee	2.70			1.24	2.38	2.18	Jan. '58	1.09
Texas	2.54			2.59	2.55	.98	Jan. '59	2.60
Utah	3.81			2.76	4.03	1.38	Nov. '58	2.92
Vermont	1.96			.90	2.35	2.17	Oct. '61	1.08
Virginia	3.84			3.96	3.60	.97	Jan. '59	3.71
Washington	5.53			2.51	5.65	2.20	May. '61	2.57
West Virginia	3.50			1.21	3.50	2.90	Jan. '55	1.21
Wisconsin	4.09			2.25	4.16	1.82	Jan. '59	2.29
Wyoming	2.65			1.09	1.59	2.44	May. '63	.65

1/ Due to a 6-month lag in reporting wages, reserve ratios and cost rates for December 31, 1964, have as their base, wages for the 12-month period ending 6 months prior.

2/ No change in high cost rate since December 31, 1963, unless otherwise indicated.

3/ The reserve on which this ratio is based includes the amount advanced from the Federal Unemployment Account and not repaid. See table 2, footnote 1.

4/ Puerto Rico covered under Federal Unemployment Tax Act, January 1, 1961.

State UI Legislation in 1965

*Joseph A. Hickey**

FEWER amendments to State employment security laws were enacted in 1965 than any of the three preceding odd-numbered years.

Aside from increases in the maximum weekly benefit amount in more than one-third of the States and in the wage base or tax rates in 11 States, no consistent pattern emerged from the new legislation. Coverage was extended to some services hitherto excluded in some States, but was narrowed somewhat by the broadening of exclusions in others. More stringent qualifying requirements were enacted in nine States. Disqualification provisions were made more restrictive in some States, but were liberalized in others. Financing provisions were changed in 21 States.

Coverage

As in the past few legislative sessions, little attention was given to extending the protection of unemployment insurance to noncovered groups. Of the changes in coverage in 12 States, amendments were significant in only 3 States. Michigan, which previously covered only those employers who, within a year, had four or more workers in each of 20 weeks, now covers all employers who have one or more workers during the same period, or who pay calendar-year wages of at least $1,000. Thus, Michigan became the first State since 1960, and only the fourth in 20 years, to extend coverage to firms employing only one worker. New York, which is one of only two States which cover domestic workers, changed its provision to include all employers who pay $500 or more in any calendar quarter to persons engaged in personal or domestic service in private homes. Previously the law covered such employment only if the employer had four or more domestics in his employ on any day.

South Dakota enacted a provision providing for the voluntary election of coverage of all employees of a political subdivision except the elected officials and employees of any common or independent school district. Benefits under this provision will be financed by reimbursement. However, unlike the method of financing such provisions in other States, the political subdivision electing coverage will be required to post an initial deposit. The balance of the deposit will be returned upon termination of the election of coverage.

Other amendments took the form of covering full-time, year-round employees of the State legislature (New York), and excluding from coverage cab drivers (Maryland), securities salesmen paid by commission (Montana and Oregon), insurance agents on commission (Rhode Island and Wisconsin), and enrollees or beneficiaries of any program under the Federal Economic Opportunity Act of 1964 (Hawaii, New York, and Wisconsin).

*Office of Program Development and Legislation, Unemployment Insurance Service, Bureau of Employment Security.

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CHANGES ENACTED IN 1965 IN MINIMUM AND MAXIMUM WEEKLY BENEFIT AMOUNTS, QUALIFYING REQUIREMENTS, AND DURATION OF BENEFITS

State	Weekly benefit amount [1]				Qualifying requirements		Duration of benefits	
	Maximum		Minimum					
	From	To	From	To	From	To	From	To
Alabama	$32	$38	$9	$12	1½×high-quarter wages with $331.50 in base period.	1½×high-quarter wages with $468 in base period.		
California	55	65			$600; if less than $750 in base period, approximately 1½× high-quarter wages.	$720		
Connecticut	45–67	50–75	10–14	10–15	$300 and wages in 2 quarters.	$750 and wages in 2 quarters.		
Hawaii	55	[2] 66⅔%						
Illinois	38–59	$42–70			$750; with $175 outside high quarter.	$800; with $175 outside high quarter.		
Indiana	36	40–43			$250; with $150 in last 2 quarters.	$500; with $300 in last 2 quarters.		
Iowa	[1] 30–44	[2] 50%	10	9				
Maine	34	[2] 50%	9	10	$400	$600	26 weeks uniform	Lesser of 26 weeks or ½ base-period wages.
Maryland	[1] 46	[1] $48						
Massachusetts	[1] 45	[1] 50						
Michigan	33–60	43–72					Lesser of 26 weeks or ¾ weeks of employment.	Lesser of 26 weeks or ¾ weeks of employment.
Minnesota	38	47	12	13	$520	17 weeks at $26 and $520 in base period.	Lesser of 26 weeks or schedule varying from 42 to 33 percent of base-period wages.	Lesser of 26 weeks or 7/10 weeks of employment.
Missouri	40	45						
Nebraska	38	40						
Nevada	37.50–57.50	41–61	8–12	16–24	30×weekly benefit amount.	33×weekly benefit amount.		
New Hampshire	45	49						
New York	50	55						
North Carolina	35	42			$550; and wages in 2 quarters.	$550; with at least 20% of wages earned outside high quarter.		
Rhode Island	36–48	[2] 50%	10–13	12–15				
South Dakota	34	$36						
Tennessee	36	38						
Wisconsin							Lesser of 34 weeks or 7/10 weeks for first 20 weeks of employment and 5/10 additional weeks up to 45.	Lesser of 34 weeks or 9/10 weeks of employment.

[1] When two amounts are given, higher includes dependents' allowances. In Maryland, same maximum with or without dependents. Maximum benefit for claimant with maximum number of dependents not shown for Massachusetts because it is limited only by his average weekly wage. Provision for dependents' allowances repealed in Iowa.

[2] Fifty percent of average weekly wage in covered employment in the preceding calendar year (Iowa, Maine, and Rhode Island); 66⅔ percent of average weekly wage in covered employment in 12 months ending June 30. Maximum amounts effective in 1965 are $49 in Iowa and $47 in Rhode Island.

Benefits

The principal amendments to the benefit provisions are shown in the accompanying table.

Maximum weekly benefit.—Twenty-one States enacted legislation to increase maximum weekly benefits by amounts ranging from $2 in Maryland, Nebraska, South Dakota, and Tennessee, to $19 in Iowa. Four States adopted a flexible maximum which is set at a specified percentage of statewide average weekly covered wage during the preceding calendar year—66⅔ percent in Hawaii and 50 percent in Iowa, Maine, and Rhode Island. Sixteen States, with 10.9 percent of the covered workers, now have flexible maximum provisions.

Maximum weekly benefit amounts now range from a low of $20 in Puerto Rico to a high of $65 in California. Ten States, with 35.5 percent of the employment covered under the State unemployment insurance laws, have a basic maximum weekly benefit amount of $50 or more. Fourteen others, with 16.8 percent of covered workers, have maximums of $45 or over. Only one State now has a maximum below $30.

Dependents' allowances.—Iowa repealed its provision for dependents' allowances enacted in 1959, while Indiana added an allowance of from $1 to $3 for claimants who qualify for the maximum benefit rate and who have a nonworking spouse. Six of the other 10 States that pay a higher week-

ly benefit to claimants with dependents increased the maximum weekly benefit payable to such claimants: Illinois and Michigan, by extending the benefit schedule; Maryland, Nevada, and Rhode Island, through an increase in the maximum basic benefit amount; and Connecticut, by increasing the maximum basic benefit amount and the allowance for each dependent.

Minimum weekly benefit.—Increases in the minimum weekly benefit amount ranged from $1 in Maine and Minnesota to $8 in Nevada. Alabama increased the minimum rate by $3, Rhode Island by $2, and Connecticut by $1, but in the latter State the increase was applicable only to those claimants with dependents. Iowa enacted a $1 decrease in its minimum benefit.

Benefit formula.—Two States, which previously had based the computation of the weekly benefit amount on annual wages, changed their formulas. Maine adopted a high-quarter formula and Minnesota changed to a formula based on average weekly wages. There remain six States, with 5.9 percent of the covered workers, which now have an annual-wage formula.

Qualifying requirements.—Nine States amended their qualifying requirements. In Connecticut Indiana, and Nevada the changes were such that claimants, to be eligible for any benefits, must have at least double the amount of earnings previously required. Qualifying earnings at the minimum were increased by 20 percent in California, by more than 40 percent in Alabama, by 50 percent in Maine, and by $50 in Illinois. In Minnesota the amount of base-period earnings needed to qualify for the minimum benefit was not changed, but an additional requirement was provided of 17 weeks of employment with earnings of at least $26 in each week. North Carolina amended its qualifying requirement by specifying that 20 percent of a claimant's base-period wages be earned in a quarter other than the high quarter.

Duration.—For the first time in 25 years, no State took action to increase maximum weeks of potential duration. There were, however, other modifications in the duration formula. Minnesota changed the method of computation from a weighted schedule of base-period wages to a percentage of the number of weeks of employment. Michigan and Wisconsin liberalized the proportion of base-period wages compensated. Of the four States with limitations on wage credits, Iowa repealed its restriction and Indiana increased the limitation on quarterly wage credits from $950 to $1,150.

Two States amended their extended duration provisions. In California a claimant must now demonstrate a stronger attachment to the labor force to receive extended benefits than he does to receive regular benefits. The Illinois law was amended to increase from 4.375 percent to 5 percent the rate of insured unemployment which must exist before the program is "triggered."

Other benefit amendments.—Maine changed from a uniform to an individual base period and benefit year and added a provision for making the waiting week compensable after benefits become payable for 4 weeks. North Carolina restored its waiting week provision which had been repealed in 1951. Iowa now pays benefits for the waiting week when benefits are payable for each of 5 consecutive weeks. Iowa also reduced the fraction used in computing weekly benefits from 1/20 to 1/22 of high-quarter wages. Rhode Island increased from 50 to 55 percent the amount of wage loss compensated. Michigan now provides that benefits below the maximum benefit amount be computed at not less than 55 percent.

Eligibility and Disqualification Provisions

Tennessee and Vermont amended their availability-for-work provision to permit payment of benefits to claimants attending an approved vocational training or retraining course. This brings to 22 the number of States with such statutory requirements. Illinois, which enacted such a provision in 1961 for a 2-year period and subsequently renewed it for an additional 2 years in 1963, has now made its provision permanent.

Major disqualifications.—While a few States reduced the severity of their statutory disqualification provisions, others added more restrictive measures. On balance, more States now include disqualification provisions which are more restrictive than those in effect before the legislative sessions. Seven States made changes in one or more of the three major causes for disqualification—voluntary leaving, discharge for misconduct, and refusal of suitable work without good cause. Maine, Michigan, and Minnesota amended their provisions for all three causes. Minnesota also added a disqualification for failure to actively seek work.

Six States amended the provisions of their laws that disqualify individuals who voluntarily leave

work without good cause. California changed its period of disqualification from 5 weeks to the duration of the unemployment and until the claimant earns five times his weekly benefit amount. Maine and Michigan, which had disqualifications for the duration of the unemployment, now permit a claimant to receive benefits after 12 weeks and 6 weeks, respectively, following the week of leaving. However, Maine claimants may qualify before the 12-week period has expired if they have earned at least eight times their weekly benefit amount. In addition to changing the period of disqualification, Michigan also replaced its provision for cancellation of benefit rights with a provision that calls for a reduction in total potential benefits equal to the number of weeks disqualified. Minnesota changed its period of disqualification from 3–7 weeks to 5–8 weeks and added a reduction in benefits equal to double the weekly benefit amount. Nebraska increased its minimum and maximum period of disqualification by 2 weeks and Illinois added 2 weeks to the disqualification period for certain claimants.

Six States amended their provisions which disqualify for discharge for misconduct. Two of these States also added disqualifications for gross misconduct. The changes in California, Maine, Michigan, and Nebraska were the same as those made for voluntary leaving. Although Minnesota adopted the same period of disqualification as for voluntary leaving, benefits will be reduced for discharge equal to the number of weeks disqualified. New Hampshire increased its disqualification from the week of occurrence and the next 3 weeks to the duration of the unemployment and until the claimant has had 3 weeks of work with earnings of at least $3 more than the weekly benefit amount in each week.

Michigan and Minnesota added disqualifications for gross misconduct. In Michigan the period of disqualification is 12 weeks in addition to the week of the disqualifying act, with benefits reduced accordingly. In Minnesota the period is 12 weeks in addition to the waiting week; however, the agency is authorized to impose a total disqualification for the claimant's benefit year and cancel all or part of the wage credits earned with the employer from whom the worker was separated as a result of the disqualifying act.

Four States amended their disqualifications for refusal of suitable work. The change in Michigan is the same as for voluntary leaving and discharge for misconduct, and the New Hampshire change is identical to that imposed for misconduct. In Maine, the amount of earnings required to purge a disqualification was decreased from 15 to 8 times the weekly benefit amount. Minnesota increased its period of disqualification from 3 to 7 weeks.

Deductible income.—One State added a provision for reducing the weekly benefit amount for receipt of pension payments while four others modified existing revisions. Florida now reduces the benefit rate by the amount an individual receives, or is eligible to receive, under a pension plan. Montana limited the benefit disqualification of individuals who retire to those whose entitlement under the retirement plan is in excess of $100 per month. Colorado amended its provision by exempting from disqualification claimants between 62 and 65 years of age who are eligible for OASI benefits but who do not actually receive them. Minnesota now requires a claimant 62 years old or over to state in writing whether he intends to seek OASI benefits. If he does, his weekly benefit amount is reduced accordingly. However, if he disclaims such an intention but nevertheless receives OASI benefits, he is liable for repayment of the benefits improperly received and subject to disqualification for fraud. Wisconsin amended its law by providing for a reduction in the weekly benefit rate by the amount of any OASI payments an individual is eligible for but has not yet claimed.

Financing

More than one-third of the States enacted some legislation in 1965 related to financing measures. The taxable wage base was increased in four States: Minnesota to $4,800, California to $4,100, Nevada to $3,800, and Wisconsin to $3,600. The taxable wage base now exceeds $3,000 in 18 States. Oregon repealed its provision which increased the wage base by $200 whenever the fund reserve ratio fell below 6 percent, while California added a provision for reducing the wage base to $3,800 whenever the total revenue equals or exceeds total disbursements during any 12-month period ending on June 30.

Changes in minimum tax rates were made in Florida (from 0.1 percent to 0), Nevada (from 0.1 to 0.6), New Hampshire (from 0.3 to 0.15), and

Rhode Island (from 0 to 1.6). Maximum contribution rates were increased by 0.2 percent in Indiana; 0.3 percent in New Hampshire; 0.7 percent in Rhode Island; 1.0 percent in California, Maine, and North Carolina; and 1.5 percent in Minnesota. Iowa provided for a three-step increase in its maximum tax rate: 3.0 percent in 1966, 3.5 percent in 1967, and 4.0 percent in 1968 and thereafter. Rates for all new employers in Nevada were increased from 2.7 to 3.0 percent.

Three States limited the range of individual employer rates. Tennessee will limit an employer's rate to 3.0 percent if his experience is favorable during each of the most recent 3 years; Vermont will limit increases or decreases in an employer's rate from the previous year to two columns in the applicable rate schedule; and Iowa will limit the rate payable on the first $10,000 to 2.7 percent.

Two States amended their voluntary contributions provisions. Minnesota provided that employers paying voluntary contributions must also pay a surcharge of 25 percent of the amount of any canceled benefit charges, and North Carolina limited the amount of voluntary contributions that may be credited to an employer's account to 80 percent of the contribution.

California replaced its uniform surtax of 0.5 percent with one ranging between 0.2 and 1.0 percent. For the period 1966–68 the 1.0 percent tax will be applied. Indiana added a surtax of 0.1 percent when the fund falls below $125 million; Wyoming extended the applicability of its surtax to all employers, not just rated employers. Wisconsin added a provision for solvency contributions related to the level of the balancing account, and Minnesota included a surcharge of 25 percent of benefits charged in computing individual employer's experience ratios.

Triggers for signaling the application of new rate schedules or solvency taxes were changed or added in Indiana, Minnesota, New Hampshire, Rhode Island, and Wisconsin. Nevada adopted a new fund adequacy standard based on a formula for determining maximum potential benefit liability. New Hampshire increased the fund balance necessary in order for employers to receive a reduced rate.

The Economy in Fiscal Year 1965

*Nora R. Tucker**

JUNE marked the 53d month of the uptrend in the Nation's economy, and the pace of expansion in fiscal year 1965 was nearly as swift as the advance in fiscal year 1962, when the climb from the 1960–61 recession was accelerating. In that year, gross national product (GNP) moved up by 6.9 percent; in fiscal year 1965, the rise was 6.7 percent; and the latter increase was from a level already the highest on record. Further, employment, in response to increased demand from all major sectors of the economy, reached a monthly average of over 71 million and total unemployment was reduced substantially—to the level of 8 years earlier.

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However, despite the impressive achievements with respect to business activity and to the overall employment volume, fundamental problems that have beset the economy in recent years were still present. Particularly serious is the problem of youth whose numbers in the population are rising rapidly as a result of the baby boom following World War II. Although employment rose substantially over the past fiscal year (up by 1.5 million), jobs available for the young and inexperienced have barely kept pace with their entrance into the labor force. Their unemployment rate was 14.5 percent in fiscal year 1965, compared with 15.3 percent in fiscal year 1964 and 14.4 percent in fiscal year 1963.

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However, despite the impressive achievements with respect to business activity and to the overall employment volume, fundamental problems that have beset the economy in recent years were still present. Particularly serious is the problem of youth whose numbers in the population are rising rapidly as a result of the baby boom following World War II. Although employment rose substantially over the past fiscal year (up by 1.5 million), jobs available for the young and inexperienced have barely kept pace with their entrance into the labor force. Their unemployment rate was 14.5 percent in fiscal year 1965, compared with 15.3 percent in fiscal year 1964 and 14.4 percent in fiscal year 1963.

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The unemployment problem of youth is aggravated by the hiring requirements of many employers whose standards are becoming increasingly high. Many young people with low levels of education and training cannot meet these requirements without special help furnished by the Federal, State, and local governments. Another serious problem turns on the large numbers of families and individuals who have not shared in the Nation's prosperity. Large-scale attacks on the foundations of their impoverished state, as well as on youth unemployment, gained momentum during the fiscal year.

Business Activities

With respect to business activities in general, fiscal year 1965 opened and closed on a rising note as demand, production, and incomes showed almost steady upward trends. *Gross national product* for the fiscal year as a whole was at a quarterly average of $649.6 billion (seasonally adjusted annual rate). This level represented an increase of 6.7 percent, or $41 billion, over fiscal year 1964 in current dollars and it was 4.9 percent higher in real terms.

Nearly $28 billion of the rise in GNP was for consumer spending—of which somewhat more than four-fifths went for outlays in nondurables and services. Expenditures for durable goods moved up by $5.1 billion, with about half of the gain attributable to purchases of automobiles.

Private domestic investment was at an annual rate of $98.5 billion (seasonally adjusted quarterly average), compared with $90.2 billion in fiscal 1964. Outlays rose for new construction and for producers durable equipment and inventories, with durable equipment accounting for almost two-thirds of the increase in private investment.

Both the Federal and the State and local governments continued to increase their purchases of goods and services, but most of the rise from a year earlier reflected higher outlays by State and local governments.

Industrial production rose in June for the eighth consecutive month. This brought the seasonally adjusted index to a monthly average of 137.1 percent of the 1957–59 base—7.3 percent higher than the fiscal year 1964 average. Most of the strength came from sharply higher durable goods production—which rose by nearly 10 percent over the year. Autos and steel played dominant roles. The boom in auto production (and sales) continued throughout the fiscal year and total assemblies reached a record 8.5 million—5.6 percent above the previous peak in fiscal year 1964. Production of trucks and buses also was at a record level; some 2.5 million were produced during the fiscal year compared with the previous record of 2.3 million a year earlier.

The steel industry also showed unusual strength throughout the year, with orders taking longer to fill despite increased production. Steel output and shipments rose almost steadily after a summer slowdown (in the beginning of the fiscal year) that was much less pronounced than usual. Much of the bright steel picture was due to sharply higher consumption. Record ordering by auto producers, the construction industry, appliance makers, railroads, the canning sector, and the nonelectrical machinery industry helped steel production to reach 136 million tons—the highest figure for any fiscal year in the industry's history. Part of the order boom, however, was due to strike-hedge buying. The major producers and the United Steelworkers of America reached an interim agreement late in April that delayed but did not remove the possibility of an industry-wide strike in the late summer or early fall.

Construction outlays were at an average annual rate (seasonally adjusted) of $66.4 billion per month in fiscal year 1965—$1.3 billion higher than in the preceding fiscal year. Gains were largely in the private nonresidential sector, particularly in store and factory building. Outlays for new office building were slightly above the year-earlier pace. Public construction showed little change from the preceding fiscal year.

Personal income advanced each month throughout the fiscal year and the $507.1 billion total was some $29.7 billion higher than in fiscal year 1964. The large rise was due mainly to an expansion in wage and salary disbursements, which rose by about $22.2 billion to $343.5 billion. Higher manufacturing wages and salaries reflected the sharp advancement in durable goods employment and in workers' average hours. Increased incomes in the construction, trade, and service groups as well as among State and local government workers were indicative of the employment expansion in these categories. Small advances occurred also in all nonwage items. Per capita disposable income showed a gain of about $100, and the savings ratio, at 7.2 percent of disposable personal income, was about the same as the fiscal year 1964 ratio.

Retail sales in fiscal year 1965 were at a record level, averaging about $22.6 billion per month, compared with $21.1 billion in the preceding fiscal year. Sales in durable goods stores averaged some half billion dollars per month above the year-earlier total, and in nondurable stores were about one billion dollars higher than the average in fiscal 1964.

Employment

The swift rise in output during fiscal year 1965 was accompanied by the largest employment expansion in 9 years. Total civilian employment averaged 71.1 million per month—a rise of 1.5 million from fiscal year 1964 and almost equal to the combined gain of 1.7 million for fiscal years 1964 and 1963. Year-to-year employment expansions were generally sluggish between fiscal years 1956 (when employment rose 2.8 million following the 1954–55 recession) and fiscal year 1965. In only 2 fiscal years during this period (1963 and 1960) have gains been as much as 2 million. In 1963, markedly higher auto output stimulated other sectors of the economy and residential building showed substantial strength; the employment gain that year was nearly 1 million. The 1960 increase of 1.4 million reflected partial recovery from the 1957–58 recession. The other yearly rises ranged from 300,000 to 750,000 (in fiscal year 1958, there was a decrease of 500,000).

All of the growth in fiscal year 1965 was in nonagricultural employment, with each industry division (except mining) showing gains. Employment in mining was unchanged from the year-earlier figure and agricultural employment was about 112,000 lower.

A dramatic aspect of the fiscal-year rise was the resurgence of manufacturing as a dominating factor in the job growth picture. During the previous several years, nearly all of the new jobs were in trade and service, and in State and local governments. Between fiscal years 1956 and 1963, there was a net decline of about 250,000 in factory jobs. But in fiscal year 1965, about one-third of the overall employment advance occurred in manufacturing where the volume rose to a monthly average of 17.6 million—the highest level since World War II. The half-million rise was about double that of the previous fiscal year.

Recent large employment gains in manufacturing did not, however, offset long-term losses in the more highly industrialized regions. Factory employment totals in the New England, Middle Atlantic, and East North Central regions were well below the 1956 levels in these areas. The gains were greatest in the Pacific region (particularly California), the South Atlantic region (specifically in Virginia, North and South Carolina, and Georgia), and the East South Central region (particularly Tennessee and Kentucky). Factory employment was above the 1956 level in the remaining regions (Mountain, West North Central, and West South Central) but the increases from 9 years earlier were smaller than elsewhere.

Of the 500,000 new factory jobs arising in fiscal year 1965, three-fourths were in the durable goods sector, and almost all of these were in the five major metals and metal-using industries. The nonelectrical machinery industry added over 100,000 workers, while the primary and fabricated metals industries showed a combined employment gain of 150,000. The transportation and electrical equipment manufacturing industries each showed a job increase of about 50,000 over the year.

Employment in the nondurable sector advanced by about 120,000 during the fiscal year. Apparel accounted for about one-third of the increase; textiles and rubber also showed substantial gains.

Along with a marked rise in construction jobs, employment in the trade and service industries and in government (particularly State and local) continued the long-term uptrend. Contract construction employment rose by nearly 100,000 between fiscal years 1964 and 1965 to a monthly average of 3.2 million—the highest on record. Increases in trade employment (by a little more than 400,000) and in service jobs (by about 300,000) were approximately the same as a year earlier. The growth in government employment (350,000) was slightly more than in fiscal year 1964.

Unemployment

Total unemployment for fiscal year 1965 averaged about 3.7 million per month, nearly 400,000 lower than a year earlier. The unemployment rate was 4.9 percent—the first year since 1957 that it was below 5 percent.

Substantial improvement occurred in the unemployment status of adult men and women. The unemployment rate for men 25 years or over was 3.1 percent, compared with 3.6 percent in fiscal year 1964. By June 1965, their rate had fallen to 2.7 percent—the lowest point since late 1953.

The jobless rate for adult women stood at 4.8 percent, compared with rates of about 5.4 percent in the 2 prior fiscal years.

Joblessness among young people was prevalent during the fiscal year. The unemployment rate for the 20–24 age group, although down from 8.9 percent of the year before, was still markedly high at 7.6 percent. Teenage unemployment has shown little improvement in the past 3 years. Their jobless rate in fiscal year 1965, at 14.5 percent, was a little above the 14.4-percent rate of 2 years earlier but was better than the 15.3-percent figure for fiscal year 1964. The recent improvement reflects, to a large extent, the special efforts of government and the private sector to provide jobs for youth.

Insured unemployment (composed largely of claims from experienced wage and salary workers) declined between fiscal years 1964 and 1965 to a weekly average of 1,439,600—the lowest since fiscal year 1957.

Insured unemployment has been moving down more than seasonally and the average weekly volume this past June was about one-fifth lower than in July 1964. Only Puerto Rico and five States—Arizona, California, Nevada, New Mexico, and Utah—showed larger volumes this fiscal year than last, and the increases were nominal. The largest reductions occurred in Pennsylvania (54,000), New York (30,400), Ohio (24,900), Illinois (17,500), Massachusetts (15,000), and New Jersey (14,700).

Unemployment compensation benefits paid to jobless workers under all regular unemployment insurance programs declined from $2.9 billion to $2.5 billion between fiscal years 1964 and 1965. Of the latter total, some $2.3 billion was disbursed to the unemployed protected under the State programs, about $71 million to those under the railroad program, and an aggregate of nearly $130 million to the jobless insured under the two Federal programs.

Some 1.2 million unemployed *exhausted* their *benefit rights* under the State programs during the past fiscal year—the lowest number since 1957. In fiscal years 1964 and 1963, the totals came to 1.5 million and 1.6 million, respectively.

Some of the insured jobless in California and Puerto Rico who had exhausted their benefits under the regular State programs claimed benefits under the extended duration provisions of their State laws. The maximum number of claimants filing for extended benefits in any one week during fiscal year 1965 was 58,500 in California and 1,100 in Puerto Rico.

Selected Training Programs

The overall unemployment rate of 4.9 percent for fiscal year 1965 obscures substantial differentials among the several groups in the labor force, and these differentials were not affected materially by improvement in the employment situation. Within recent years, new programs have been established and existing programs stepped up to alleviate disadvantages stemming from inadequate or poor schooling, lack of training or skills, or discrimination because of age, color, or sex. Basically, these programs aim toward enabling workers to compete more effectively for jobs.

Attacks on the multifaceted problem of youth unemployment were accelerated this past year as programs stemming from the 1961 Area Redevelopment Act (ARA), the Manpower Development and Training Act of 1962 (MDTA), and the Economic Opportunity Act of 1964 (EOA) were geared to higher activity. These programs have common objectives, but the type of training provided is tailored to the specific statutory limits on the duration and the incentives for training, as well as to the characteristics of the different groups served. Under ARA training programs (characterized by short intensive courses, primarily to prepare the unemployed for entry jobs and to offer refresher courses to those with outmoded skills), some 10,885 trainees (in 308 new projects) received training in fiscal year 1965—nearly a fourth of the number entering ARA programs since their inception in fiscal year 1962. Weekly subsistence allowances, up to a maximum of 16 weeks, were given the trainees.

MDTA training programs (offered only for occupations in which there is a reasonable expectation of employment) increased sharply. Of the 5,754 projects in operation during the life of the program (from fiscal year 1963 to June 1965), approximately 42 percent were initiated in fiscal year 1965, and the number of trainees during that year was about equal to the total for the 2 prior years. The cumulative total of trainees for the 3 fiscal years is 330,500. Allowances were paid to the trainees for 52 weeks of occupational training and for an additional 20 weeks to those who needed basic education in language and number

skills in order to pursue the training. The allowance for adults is equivalent to the average State UI weekly benefit, and may be supplemented by as much as $10 weekly, if necessary. Transportation allowances may also be paid to persons enrolled in the training courses if they live beyond normal commuting distance. Youth age 17 to 21 receive a special allowance not to exceed $20 a week.

Training activities under EOA programs were started during the fiscal year. These activities fall into two distinct groups—the Neighborhood Youth Corps and the Job Corps. The Neighborhood Youth Corp is designed to help actual or potential school dropouts, or out-of-school youth who cannot find jobs, by providing a productive full- or part-time work experience and training. The activities are in projects that serve the public interest and they are sponsored by government agencies or by private nonprofit organizations. At the end of the 1965 fiscal year, approximately 845 projects were in operation, with 323,000 enrollees. They receive $1.25 per hour for their work.

The Job Corps provides basic education and skill training to young people (school dropouts as well as those who cannot find jobs for lack of work skills and basic education) and residential centers scattered throughout the country. The enrollees receive a monthly allowance, room, board, health service, planned recreation, and workclothing for as long as 2 years, plus a relocation allowance when they leave the program. A total of 48 centers, with 11,000 enrollees, were opened during the fiscal year.

Issues Reflected in Recent Appeals Decisions*

The Polygraph and Work Separations

"THAT's what he said—but I'm not sure he was telling the truth." Everyone who has any occasion to seek facts from statements that may be true or false understands this typical investigator's dilemma. "Polygraph is the answer," say its advocates. "It's an inaccurate, unreliable, invader of privacy," say its critics. The controversy does not stop when "lie detectors," as they are frequently called, are introduced into places where people work. When the polygraph is involved in reasons for separations from work, unemployment appeals adjudicators must come to some conclusion about them.[1]

It is not surprising, in view of the controversy, that workers are sometimes separated from work for refusing to undergo the polygraph test. In Nevada, a 17-year employee at a large gambling club was discharged because he refused to undergo a polygraph test when the firm's new policy required it of all workers at his level of employment. Most employees took the test, which was administered by a fully qualified expert.

The employer argued that the new policy represented a reasonable company rule and that its violation was misconduct. He referred to the use of polygraph tests in banks, stores, and government agencies. The tests, argued the employer, acted as a deterrent to anyone tempted to steal and freed the innocent from any fear of being held responsible if thefts occurred.

The claimant refused to submit to the test because there was no guarantee it would not invade his privacy by delving into facets of his life of no concern to the employer.

*Prepared in the Division of Determinations and Hearings, Office of State Operations, Unemployment Insurance Service, Bureau of Employment Security.

[1] For a review of earlier appeals decisions on this subject, see "Acts of Dishonesty Toward Employer," in *The Labor Market and Employment Security*, November 1960, p. 23.

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The Appeals Referee held that the claimant was not discharged for misconduct connected with his work. In the decision (A.R. Decision No. A–12–212, Mar. 16, 1964, CCH–Nevada, par. 8104) he explained:

> A person shall not be required to take a test which has no lawful status, at the request of his employer or any other parties. When legal authorities do not have the legal power to require an individual to take a lie detector test when charged with a crime, it would appear that there can be no lawful means of charging misconduct when an employee refuses to take such a test.

Refusal to submit to a polygraph test caused the discharge of a truckdriver for a New Mexico liquor distributor. He was told that all personnel of the firm would be required to undergo a polygraph test in accordance with a newly instituted company policy. He had no personal convictions about the test and intended to submit to it. When asked to take it, however, he refused because he believed his foreman and certain others were not going to take the test and he wished to act in the same manner as these other workers. He was discharged along with two others for refusing to take the test.

The Appeals Referee in his decision (Appeal No. 8646–AT, Feb. 24, 1965, unp.) noted that an employee's refusal to comply with a supervisor's reasonable instructions within the scope of his employment constitutes misconduct, and stated:

> It has been ruled that a claimant who leaves employment rather than submit to a polygraph test, the taking of which was a condition of employment, in most cases, has left the employment with good cause, as it is considered to be an infringement of personal rights. In the instant case, however, the evidence fails to show that the claimant actually had a negative personal feeling relative to the taking of a polygraph test. The evidence does show that he refused because he wanted to follow the actions of his foreman and others who he assumed were not going to submit to the test. There is no showing that these tests are prohibited by law or that they do not have a value in measuring the work potential of employees. It is, therefore, concluded that the claimant actually was discharged for his refusal to obey the reasonable instructions of the employer, which were given in a civil manner, to take the test in accordance with known company rules or policies. This constituted "misconduct" in the scope of the work within the meaning of the applicable law.

In a number of instances the polygraph has become the controversial issue when it is used in the investigation of specific incidents or situations.

In Nebraska, where shortages of merchandise had occurred in a large store, suspicion had fallen on the janitorial staff. Three janitors were asked to take a polygraph test and when the claimant refused he was dismissed. The decision (Appeal Tribunal Decision No. 89, vol. XXX, May 1, 1964, CCH–Nebraska, par. 8131.12) held that the claimant was not discharged for misconduct but these explanations in the decision suggest that the absence of previous agreement by the claimant to submit to the tests weighed heavily in arriving at the conclusion:

> This Tribunal has previously considered the refusal to take a polygraph test as immaterial in the determination of misconduct. In the present case, in view of the reasonableness of the firm's suspicions that the claimant could have been involved in the disappearance of its merchandise, the employer was justified in asking for a test and dismissing the claimant when he refused. However, because of the uncertainty of the accuracy of such tests and the tendency of such tests to invade the privacy of the individual, refusal to submit to them is not of itself misconduct. In the present case, others in addition to the claimant had access to the premises. No polygraph tests were asked of the watchman or the department heads. * * * The Tribunal recognizes that the requirement of a polygraph test is not an unfair labor practice and had the employer had an established rule at the time the claimant was hired that all employees would be subject to such tests in connection with their employment and he was so notified, the decision might have been different.

An agreement to submit voluntarily to lie detector tests had been signed by an employee of a Wisconsin company that provided housekeeping and janitorial services to department stores. Included in the agreement was a statement that released and indemnified the employer and his clients from liability for any actions arising from the tests; it also included the claimant's consent for the tests to be presented in court as evidence, and for the employer to dismiss him for refusing or failing to be cleared by a lie detector test. Several years later, when the employer decided for the first time to give polygraph tests to certain of his workers, the claimant refused and was discharged.

The employer contended that because of the agreement to do so the claimant's failure to submit to the test was a breach of his employment contract amounting to misconduct connected with his work. The decision of the Wisconsin Industrial Commission (Decision No. 64–C–469, Aug. 13, 1964, MC–485.05–67, BSSUI) cited this definition of a "lie detector" or polygraph test set forth in 26 Boston UL Review 264:

* * * the so-called lie detector is not an instrument which automatically and unerringly discloses a lie by the person being tested. Rather, the lie detector is a scientific instrument which records certain physiological phenomena, such as changes in the pulse rate, blood pressure, respiration, and in electrodermal response, under the theory that a person telling a lie undergoes definitely ascertainable physiological reactions, whereas a person telling the truth will show only normal reactions.

The Commission held that the discharge was not for misconduct, and in its explanation stated:

Wisconsin law, and that of nearly all jurisdictions, does not permit the introduction into evidence of polygraph or "lie detector" test results under the theory that it would open the door to abuses that would not promote the cause of justice.

* * * * *

From this initial ruling to the present time the court has steadfastly maintained this same position and has refused to admit any such evidence to establish whether a witness is truthful or untruthful.

* * * * *

In the instant case the employee was not discharged for stealing and there was no allegation that he was so discharged. He was discharged solely because of his refusal to take the test. He refused to take the test because only certain workers were selected for such test.

Although the employee may have been said to have breached a condition of his employment or a company work rule and to have been discharged for such action, in considering whether such breach is misconduct connected with his employment such condition of his employment must be assessed in light of the purpose of unemployment compensation rather than solely in terms of efficient industrial relations.

* * * * *

The employee's action in refusing to submit to a polygraph test was not an unreasonable act on his part. His conduct, furthermore, was not an intentional and unreasonable interference with the employer's interests. For unemployment compensation purposes it would be unreasonable to expect him to submit to a polygraph test in order to keep from becoming unemployed in view of the refusal of the State supreme court to recognize the validity and probative value of such a test.

Under all of the circumstances of this case the employee's action in breaching a condition of his employment by refusing to take a polygraph test in order to keep from becoming unemployed was not such action as would evince a willful, intentional, and substantial disregard of the employer's interests, amounting to misconduct connected with his employment.

In Colorado a foundry had been concerned about the disappearance of money and other articles from the premises. A Referee's decision (DD 29546–65, Mar. 10, 1965, unp.) related these facts:

* * * The specific case involving the claimant was a sum of money placed in a billfold which was left in a pair of trousers in the shower room. The money disappeared and a number of employees were questioned concerning the incident. The claimant was conducted to the Office of the Chief of Police * * * and questioned concerning his knowledge of the situation, for some time. He was then offered the alternative of quitting the job or going to the Sheriff's office * * * to take a polygraph test in order to clear himself. The claimant stated that he would quit his job and he was terminated shortly thereafter.

The claimant testified at the hearing that he had been informed that if he did not quit he would be discharged, but this was denied by company representatives.

The Colorado law designates the benefit awards—full award, half award, no award, or special award—to be made in each of a great number of factual situations. In factual situations not so specified in the law an optional award provision applies, and the adjudicator may grant either a full award, a half award, or no award. In denying benefits, the Appeals Referee stated:

It is concluded that this separation must be determined under the Optional Award Authority contained in Section 82-4-9(6) of the law and Regulation No. 39. Regulation No. 39 provides specifically that if a worker is found basically responsible for his separation, No Award of benefits may be granted. In the present case, the claimant is found responsible in that it was his decision to quit on December 11.

In some cases the separation from work results not from the refusal of a worker to submit to the polygraph test but because the test results represent a part of the employer's allegation that there was misconduct. A packaged valve assembly, one of the new products of a Michigan brass company, was dropped from the roof of a company building into the parking lot. This was observed by a plant guard and in the investigation that followed certain factors of circumstantial evidence aimed suspicion at a plant protection employee. He was not positively identified as the person who dropped the valve but the observer thought the appearance and movement were similar. The valve fell near the employee's parked car and footprints on the roof matched those near his car.

When confronted with these facts the employee volunteered to take a lie detector test the following day, but this resulted in a finding that the claimant did not tell the complete truth during his polygraph examination. After a further interview which disclosed some inconsistency in the claimant's statements, he was discharged.

Administrative decisions by the Referee and the Appeal Board allowed benefits. Upon judi-

cial review (*Mueller Brass Company* v. *Arville Kinna, Michigan Employment Security Commission, and Michigan Employment Security Appeal Board*, Circuit Court for the County of St. Clair, May 15, 1964, CCH-Michigan, par. 9017) the court upheld the administrative decision that had concluded:

> The Referee is aware of the fact that individuals have been convicted of crimes on the basis of circumstantial evidence and that it is entirely possible and perhaps probable that the claimant was involved in the incident which caused his discharge. Claimant denies that he had any part in the alleged incident; no one could identify him as the individual who threw the valve from the roof. It is true he was present at the time the incident took place; that he was the only one who was authorized to be there; and that the officer who gave him the polygraph test came to the conclusion that he was not telling the truth. Frankly, I am reluctant to make a finding that claimant was the individual who threw the valve from the roof, not out of sympathy for the claimant, but for the simple reason that the record, in my humble opinion, does not justify such a finding on the basis that the incident was not established by a preponderance of the evidence.

A tobacco sales clerk rang up a sale on her cash register at $1 less than the amount of a purchase made by a shopping service employed by the store. The claimant denied taking the dollar. Largely because she did not want to take a polygraph test to prove her honesty she was discharged. The Illinois Board of Review in its decision (No. 65–BRD–111, Jan. 11, 1965) said, in regard to the polygraph:

* * * * *

> The basis for the techniques is the theory that the guilt feelings induced by lying produce physiological changes in the subject undergoing the test. The polygraph is a combination of devices for recording these changes. Most machines measure pulse rate, blood pressure, and respiration and perspiration rates.
>
> Usually, the person being tested is asked a series of questions, only a few of which are directly pertinent to the matter being investigated. The subject's reaction to the irrelevant questions establishes a normal pattern of response, and the theory is that when he lies the principal consequences of his guilt feelings show up. These are recorded on graphs which are then interpreted. The exponents of lie detectors, however, agree that, in practice, it is not quite as simple as that. The machine does not tell whether one lies, it merely makes the record; the examiner does the interpreting and the results, experts say, depend about 5 to 10 percent on the machine and 90 to 95 percent upon the examiner—although the polygraph operators contend that their findings are astonishingly accurate. The planning of the questions and the interpretations of the results demand specialized knowledge. One of the leading exponents of the polygraph recommends that a would-be examiner engage in 6 weeks of classroom training in physiology, psychology, and polygraph techniques before taking field training; another suggests a 6-month apprenticeship. Most operators do not meet such minimum requirements.
>
> Opponents of the polygraph object to it for many reasons, the chief of which are the following:
>
> 1. The scientific value and accuracy of the polygraph is questionable. * * *
> 2. The conductor of the polygraph examination does not necessarily possess the necessary training for such an examination. * * *
> 3. The polygraph test violates the civil rights of the subject against invasion of privacy and self-incrimination. * * *
> 4. The polygraph examination violates the well-known rules which require that the accuser confront the accused and the latter be given an opportunity for cross-examination. * * *
>
> * * * * *
>
> The problem is, partially, that lie detector tests have a certain amount of validity, and, therefore, are an infringement of civil rights, a violation of privacy, and an example of the devices and means which must be proscribed if freedom is to be preserved in our increasingly crowded and interdependent world. The problem is also, paradoxically, that they are inaccurate enough so as to be unreliable, so that it is unfair and improper to judge a man upon their results; while at the same time they have attached to them all of the gadgetry, terminology, and mystique of science, so that, despite warnings to the contrary, men discount their limitations and give far greater weight to their results than is, in fact, warranted. In short, that they are inherently prejudicial. With this background, there are few, if any there be, who, despite their innocence, are so without the guilt in their hearts for having thought and wished evil, that they could reasonably regard such a test without grave misgivings.
>
> Accordingly, it clearly appears that the injury to legitimate rights of the employee resulting from the industrial use of lie detector tests far outweighs the unsure benefit to the employer. Therefore, the refusal of an employee to submit to such a test is not in itself misconduct.

The mystery and uncertainty, the fear of individuals that the tests may invade factors far beyond the scope of the employer's concern, and the degree of validity are obvious reasons for the skepticism of many. This skepticism is not sufficient to overcome the eagerness with which industrial management would view an unerring source of truth. It seems unlikely that these problems for unemployment insurance adjudication will cease or become any less complex.

Unemployment Insurance Decisions*

Bard at Large

California.—A writer of poems, the claimant was willing to accept work only as a poet. Signs which he wore as he walked the streets noted that his poems were available to those who wanted to buy them. After his arrest on a charge of begging he revised the signs to eliminate reference to compensation. He had not sought work with advertising firms or other businesses that employ poets. He was attempting to organize a poet's union "to get society to recognize the needs of poets and, perhaps, its need for poets."

He had been a laborer before limiting his interest to poetry and had quit that job for two reasons. He thought that his hourly wage of $2.50 was inadequate, although he was not earning more as a poet. His union, the Industrial Workers of the World, had no contract with his employer. In addition, he considered his supervisor inadequate both as a person and a supervisor, and he had similar opinions of all employers and supervisors for whom he had ever worked.

The Board decided that his leaving was without good cause, and that he was ineligible for benefits because he was unwilling to work in occupations in which he had demonstrated his qualifications. (California Appeals Board Decision No. 65–1560, May 12, 1965.)

Idle Hours

Rhode Island.—A department store porter was content with his 11 p.m. to 7 a.m. employment but left his job about a month after his hours were changed from 6 a.m. to 3 p.m. His problem, he explained, was that during the last 3 hours of the workday he had very little work to do and as a result became nervous because he was making an attempt to look busy and to avoid his supervisors, although he admitted they had not criticized him for his inactivity. The Appeals Referee held that his leaving was not with good cause. (Appeal No. 5460 U.C., June 14, 1965.)

Truth Detector

Colorado.—A nursing home janitor during the course of a polygraph test was asked if he had ever been arrested and he replied, "Yes." He had been a very good worker and had received increases in pay from $1.10 to $1.25 and then to $1.278 per hour. He was discharged, however, because of his answer to this question during the test. The Referee found that the claimant had not told an untruth but that until the polygraph test he had never been asked either on the application form or verbally if he had ever been arrested. The Referee found that the claimant had not intentionally falsified a record, and made a full award of benefits. (RD 26247–65, Feb. 3, 1965.)

Legal Residence

Michigan.—Questions regarding her legal residence in the United States led to the request for a 30-day leave of absence by a general bakery helper employed by a chain food company. She had been with the firm for 8 years. She hoped to leave the country before being deported and thus enhance her opportunity to return to the country with full and legal status.

Her requests for leave from June 25 to July 25 and subsequently for extensions were made by her union which she had asked to speak for her. An additional 30 days were granted but the employer refused extension beyond 60 days and considered her "separated" after September 14.

The Referee found that between June 25 and December 10 the claimant "literally could not return to this country to continue her employment without dire risk of deportation and possible imprisonment." Her separation was considered as a voluntary leaving since she failed to return from a leave of absence, but since she had taken reasonable action to preserve her employment status by designating her local union officials as her agents she was subject to no disqualification, held the Referee in a decision affirmed by the Appeal Board. (Appeal Docket No. B65–704–33713, June 23, 1965.)

Coffee Wait

New York.—The attitude of a brokerage clerk had been the source of his employer's dissatisfaction and on occasion the clerk had returned late from coffee breaks. On the last day of his work, however, he was instructed to take a coffee break although he explained that he wanted to finish the work he was doing at the time. The Referee held that his discharge was not disqualifying when the incident that prompted it was insistence on doing his work rather than taking a rest. (Referee No. 69–159–65, May 10, 1965.)

*Prepared in Division of Determinations and Hearings, Office of State Operations, Unemployment Insurance Service, Bureau of Employment Security.

Trends in the Economy*

By most measures, the performance of the American economy in the first half of 1965 was outstanding. Gross national product rose in the second quarter to a seasonally adjusted annual rate of $658 billion, according to preliminary estimates. This was 6.4 percent above the second quarter of 1964 in current dollars and 4.5 percent higher in real terms. Production and sales were up markedly during January–June 1965; no element of demand was dormant. Consumer durables, especially autos and steel, were particularly strong. The overall output increase was accomplished with comparatively little rise in the price level, and led to new peaks in employment and a record flow of income (both wages and profits). Total employment in June rose to nearly 74 million—about 1.8 million above the number in June 1964; total unemployment was down by 400,000 over the year. The seasonally adjusted unemployment rate in June was 4.7 percent of the civilian labor force; it was 5.3 percent a year earlier.

Business Activities

Gross national product for the 1965 second quarter was $9.2 billion (seasonally adjusted annual rate) above the first-quarter level. The gain was much less than the unusually large advance ($14.2 billion) in the first quarter, when both the production and sales of autos rebounded from the effect of strikes last fall. However, aside from slowdowns in the pace of consumer spending (specifically for automobiles) and in inventory accumulation, all components of GNP showed gains between the first and second quarters.

Comparing the second quarters of 1964 and 1965, GNP was $39.4 billion higher this year, with $26.9 billion of the gain attributed to increased consumer spending. About 46 percent of the expansion in personal consumption expenditures was for nondurables, and 41 percent for services.

Industrial production (seasonally adjusted) was up for the eighth consecutive month in June but the rise was small, as it was in the preceding 2 months. The output index, at 141.9 percent of the 1957–59 average, compares with 141.4 percent in May and 140.8 in April. Small increases in June were widespead. The manufacturing index rose to 143.4 from 142.8, with durable goods contributing most of the strength. Automobiles and steel played the dominant roles.

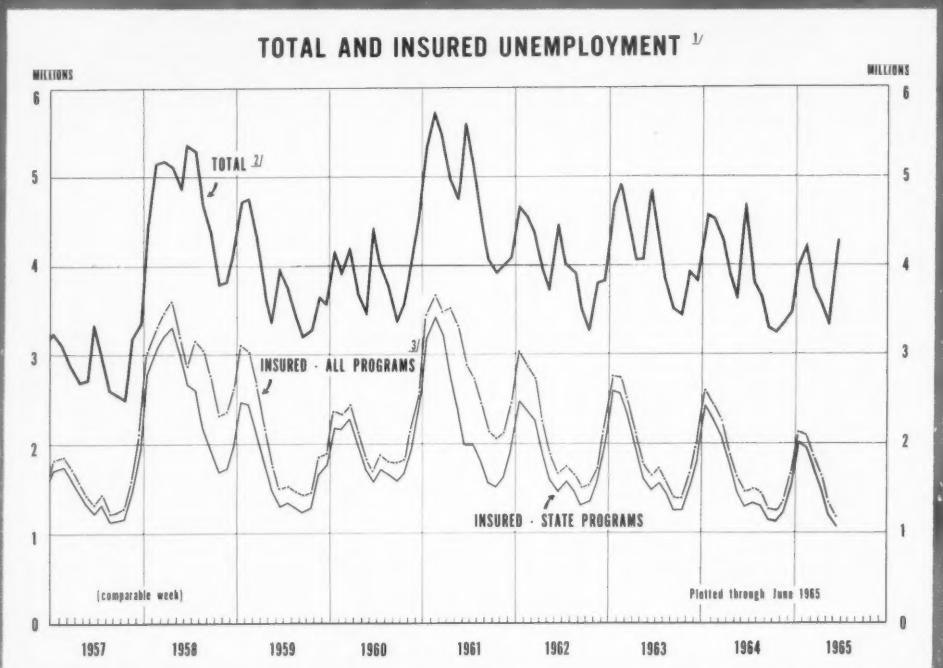
Automobile production reached 187 percent of the base, from 184.9 percent in May, as the industry assembled 899,100 new passenger cars—the highest June output in auto history. Truck production, at 169,500 units, was also at a record level for June, and was close to the alltime monthly high of 172,700 assemblies in March 1965. During the first half of 1965, about 5.2 million passenger cars were produced—some 2.6 million in each quarter. This was an alltime high for the half-year period, and was 16 percent above the previous peak in the first half of 1964. Production schedules for the third quarter call for 1.6 million units, still about 16 percent above 1964's third-quarter showing. Total truck and bus production for the first half of 1965 reached 933,000 units, compared with the previous record high of 872,000 a year ago.

Steel output during the 1964 second quarter also was at a very high level. The industry poured nearly 12 million ingot tons in June, bringing the production index up to 142 percent from May's 141.1 percent. Tonnage for the second quarter—36 million tons—was the highest figure for any quarter. For the first half of this year, steel production totaled a record 71 million tons, compared with 61 million in the first half of 1964 and 64 million in January–June 1959, just before the 116-day steel strike. Much of the bright steel picture this year was due to sharply higher consumption, but part resulted from strike-hedge buying.

In the first 6 months of 1965, the index for total industrial production averaged 140.3 percent of 1957–59 base—up by 8.5 percent from the 1964 January–June average.

The value of new construction put in place in June rose to an annual rate of $67.7 billion (seasonally adjusted) according to preliminary re-

*Prepared in the Office of Program Reports and Research, Administration and Management Service, Bureau of Employment Security.


TOTAL AND INSURED UNEMPLOYMENT 1/
MILLIONS
MILLIONS
6
5
4
3
2
1
0
TOTAL 2/
INSURED - ALL PROGRAMS 3/
INSURED - STATE PROGRAMS
(comparable week)
Plotted through June 1965
1957
1958
1959
1960
1961
1962
1963
1964
1965
1 Total unemployment includes Alaska and Hawaii beginning January 1960. Insured unemployment includes Alaska and Hawaii beginning July 1959 and Puerto Rico beginning January 1961.
2 Source: Bureau of the Census and Bureau of Labor Statistics. Data revised for past periods to conform to definitions effective January 1957.
3 Includes State, Veterans', Ex-servicemen's, Federal Civilian Employees', and Railroad Programs. Also includes Federal and State programs for temporary extension of benefits beginning June 1958.
U.S. DEPARTMENT OF LABOR

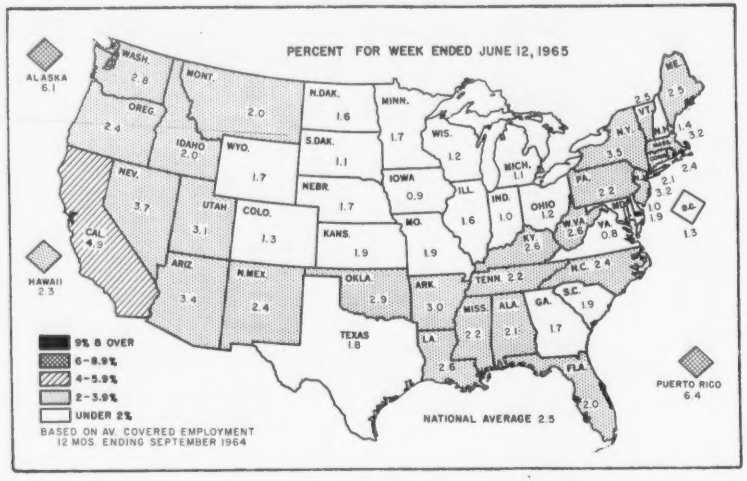
ports. This level was slightly above that for the preceding 3 months. Construction outlays (unadjusted) both in June and in the first half of 1965 were 2 percent above a year earlier. The largest relative increases (20 to 25 percent) from the first half of 1964 were in store building and industrial plant. Private nonfarm housing showed little change from a year earlier. Spending for new public work was about even with the dollar total for January–June 1964.

Private housing starts picked up slightly in June to a seasonally adjusted rate of 1,531,000 units, but this level was about 6 percent below a year earlier. Privately owned dwelling units (including farm housing) begun during the first half of 1965 totaled 749,200 (unadjusted), compared with 793,300 in the same 1964 period.

Rising for the 28th consecutive month, *personal income* in June was at a seasonally adjusted annual rate of $523.9 billion. The $3.9 billion gain trailed May's unusually high increase of $4.2 billion. The May–June advance came from further gains in farm income and in wages and salaries, as well as from a sharp increase in corporate dividend payments. The high level of farm income (up by $1.2 billion to an annual rate of $15.9 billion) reflected the continuing climb in livestock prices, while the wage and salary increase ($1.9 billion to a rate of $354.2 billion) stemmed from strong employment advances. Corporate divi-

STATE INSURED UNEMPLOYMENT AS PERCENT OF AVERAGE COVERED EMPLOYMENT

LATEST MONTH



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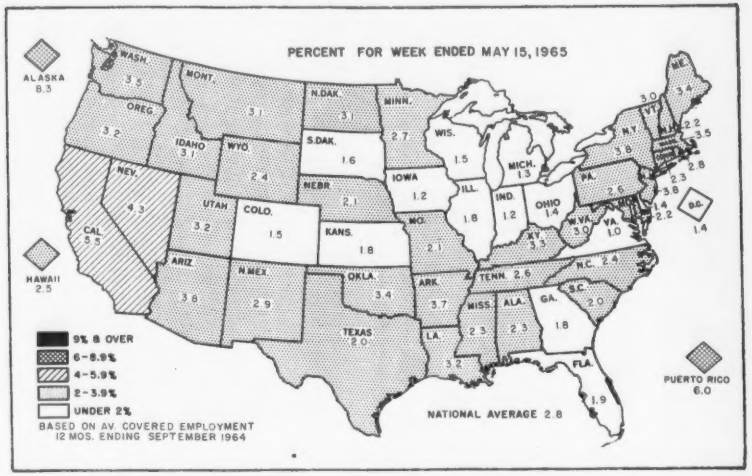
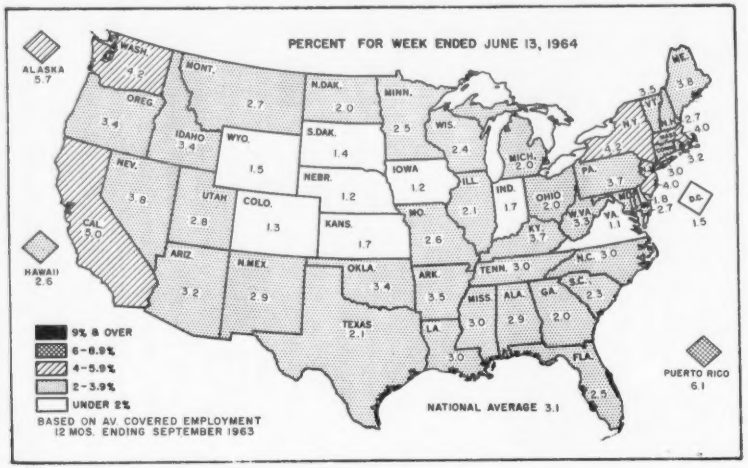
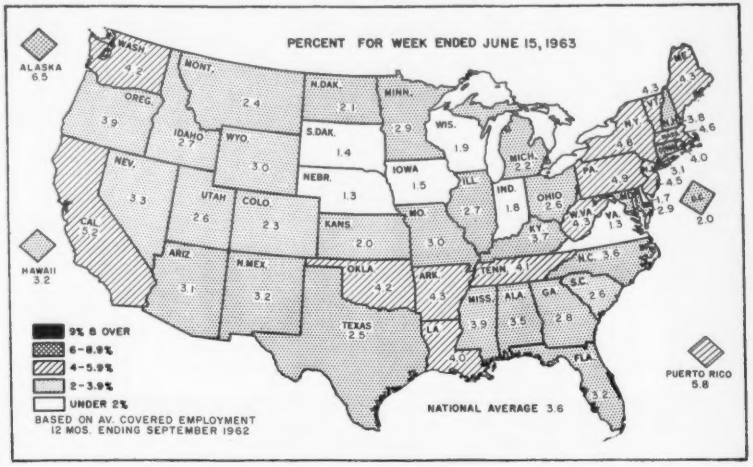


ONE YEAR AGO

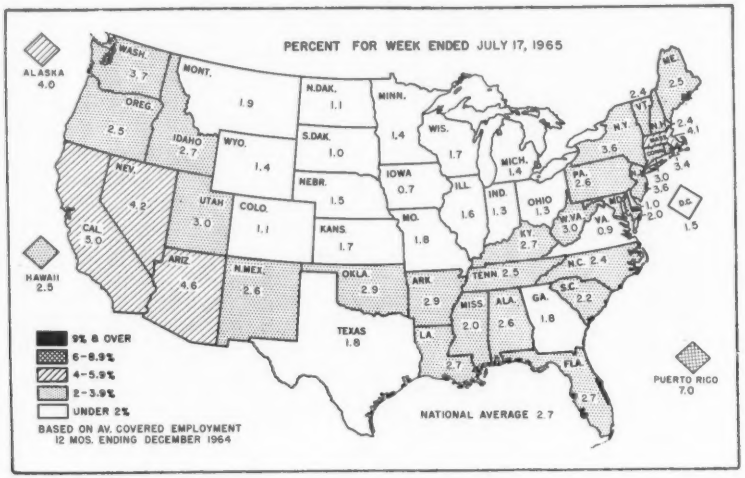


TWO YEARS AGO



STATE INSURED UNEMPLOYMENT AS PERCENT OF AVERAGE COVERED EMPLOYMENT

LATEST MONTH



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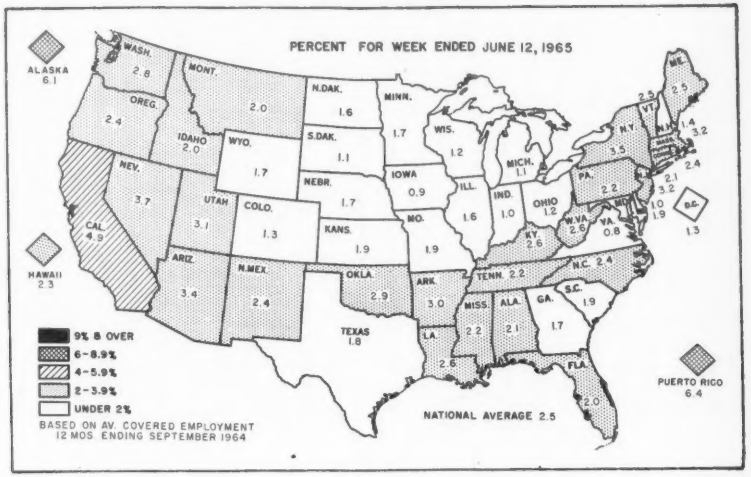

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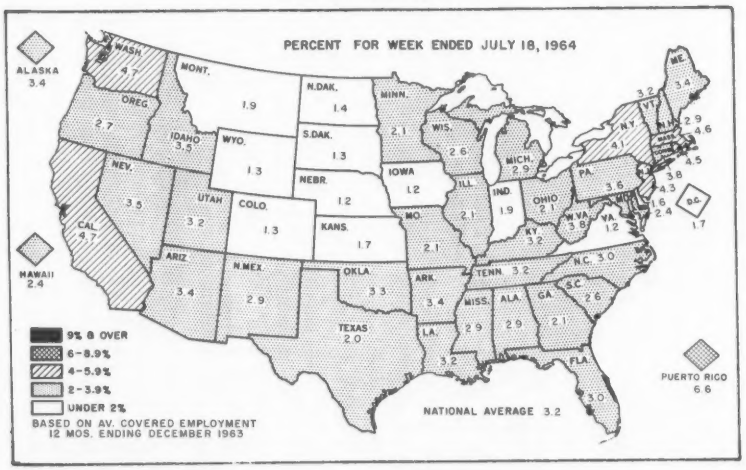
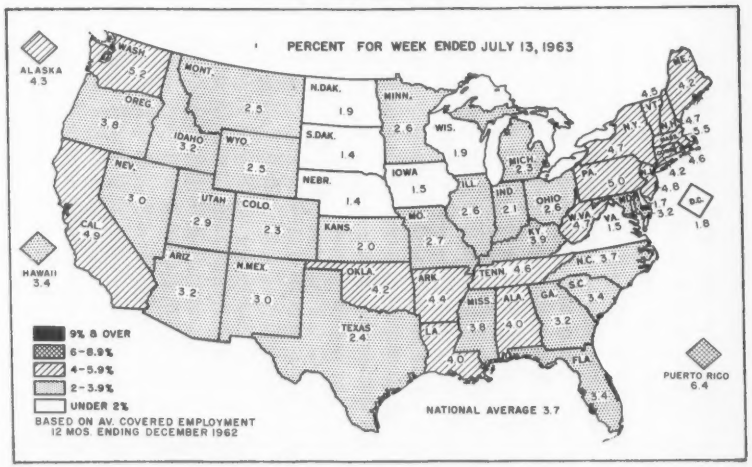


TWO YEARS AGO



dends showed a gain of $500 million to reach an annual rate of $21.3 billion; the principal factor in this rise was an extra dividend payment by a large corporation.

In the first 6 months of 1965, total personal income ran at an average annual rate of $515.8 billion (seasonally adjusted)—up by $31.4 billion from the average rate for the same 1964 period.

Retail sales in June totaled $23.3 billion (seasonally adjusted), down a trifle from May's record high but 7 percent higher than a year earlier. Sales of durable goods this June were down by $28 million from May. The decline occurred in general merchandise, lumber, building, hardware, and farm equipment stores. The automotive group showed sales of about 800,000 units—up from the 657,500 figure of a year earlier and the highest total on record for any month. For the January–June period, retail sales (unadjusted) totaled $133.3 billion, compared with $124.4 billion in the same period last year.

Employment

Total employment advanced strongly in June, climbing by 1.3 million to a record 73.7 million. The over-the-month rise was substantially better than seasonal, with teenagers accounting for most (1.2 million) of the gain. However, despite the large number of 14- to 19-year-olds acquiring jobs, the employment level (seasonally adjusted) for this group was below expectations. Job gains of adult men were about normal for this time of year, while a small decline among adult women was markedly less than is typical for June.

The over-the-month employment gain was shared by both the farm and nonfarm sectors, but the gain in farm jobs was less than expected. Nonfarm employment (seasonally adjusted) showed a substantial increase of almost half a million, with all major industry division showing gains.

Nonfarm payroll employment increased about 200,000 (seasonally adjusted) to 60.3 million. About 40 percent of the rise occurred in metal-manufacturing industries. In addition, large gains were recorded in services and State and local governments.

Manufacturing employment, which has been rising sharply during the past year, continued to expand in June. On a seasonally adjusted basis, factory employment moved up by 90,000 and passed the 18 million mark—just below the alltime high at the World War II peak in late 1943.

Factory employment showed a gain of nearly 400,000 in the first half of this year, compared with a rise of 170,000 in the same period last year. The difference has come largely in the metals and metal-using industries, especially transportation equipment and electrical equipment. This underscores the strong demand for both consumer durables (particularly automobiles) and capital equipment. In addition, employment in defense-related industries showed small gains this year, in contrast to substantial cutbacks in the first half of last year.

From June 1964, payroll employment climbed by 2.2 million, compared with a 1.5-million rise in the preceding year. About one-third, or 700,000, of the June-to-June rise this past year came in manufacturing. Although the gain was largely in the metals and metal-using groups (some 500,000), employment in nearly all soft goods industries rose moderately, except for the long-term declines in food, tobacco, and petroleum. Trade and government each showed an employment rise of about 450,000 over the year, services 300,000, and construction and transportation-public utilities about 100,000 each. The only over-the-year decline among the major industry divisions was in mining (about 7,000).

Unemployment

Total unemployment in June stood at 4.3 million—about 950,000 higher than in May, but 400,000 below the number a year earlier. Nearly four-fifths of the rise from the preceding month represented increased numbers of teenage jobseekers, and the remainder reflected additional joblessness among adult women.

The overall unemployment rate (seasonally adjusted), at 4.7 percent, was virtually unchanged from May but was significantly below the 5.3 percent of a year earlier. The June influx of teenagers into the labor force—1.9 million—was smaller than usual for the month (probably because many were still in school during the survey week) and their jobless rate, at 14.1 percent, was down from 14.5 percent a month before. For adult women, unemployment rose more than seasonally; their rate moved up to 4.8 percent from 4.3 percent in May. The adjusted rate for adult men edged down to 3.2 percent from 3.3 percent.

Included among the 4.3 million unemployed this June were 760,000 who had been jobseeking 15

weeks and over. This was about 42,000 fewer than in the preceding month, but the decline was far below the usual June reduction among the long-term unemployed. Compared with a year earlier, long-term unemployment was down by 245,000, with nearly 60 percent of the decline among those jobless for 6 or more months.

For the first 6 months of 1965, the total unemployment volume has averaged somewhat over 3.8 million per month, compared with a 4.3 million average for the comparable 1964 period. The number of long-term unemployed in the January–June period averaged about 922,000 per month in 1965, against 1,153,000 in 1964.

Insured unemployment under State programs averaged 1,059,000 per week in June—10 percent below the weekly figure in May, and 18 percent under the year earlier volume. The seasonally adjusted level this June was below 1.3 million; a year earlier it was slightly above 1.5 million.

During the first 6 months of 1965, State insured unemployment averaged 1,573,500 per week, compared with a 1,905,000 average in the same 1964 period. The average rate of insured unemployment for the first half of the year was down from 4.5 percent in 1964 to 3.7 percent in 1965—the lowest for any comparable period since 1953. Between January and June 1965, insured unemployment under State programs fell by 47 percent; the usual January-to-June decline is about 36 percent.

Initial claims averaged about 241,000 per week during the first half of 1965, compared with 274,000 per week in the comparable 1964 period.

Benefit payments under all regular unemployment insurance programs (including the railroad program) amounted to about $1.4 billion for the first half of 1965, compared with $1.7 billion in the comparable 1964 period. The January–June total this year included $1.3 billion under the State programs, $37.3 million under the railroad program, and $69.3 million under the two Federal programs. The weekly benefit check issued under State programs for the totally unemployed during the 6-month period averaged $36.94; in the first half of 1964, the check averaged $35.89.

Insured Unemployment*

Trends in May

STATE insured unemployment declined more than seasonally between April and May— by 290,900 (20 percent) to a weekly average of 1,178,700. The decrease resulted chiefly from further expansion in construction activity as well as seasonal gains in other outdoor work, including logging and recreation activities. On a seasonally adjusted basis, insured joblessness fell below 1.3 million in May; the year earlier figure was 1.6 million.

The number of insured jobless under the two Federal programs also decreased in May—by 4,700 to a weekly average of 21,800 among Federal workers (UCFE program), and by 8,600 to a 32,800 average for ex-servicemen (UCX program).

The national rate of State insured unemployment (not seasonally adjusted) declined from 3.4 percent in April to 2.7 percent in May—the lowest May rate since 1953. In May a year ago, it was 3.4 percent. Rates this May were above 4.0 percent in three States—Alaska (7.9), California (5.3), and Nevada (4.2)—and in Puerto Rico (6.1). Large States other than California with rates well above the national rate were New York (3.8), New Jersey (3.6), and Massachusetts (3.5). Rates were below 2.0 percent in the District of Columbia and in 16 States, including Illinois, Indiana, Michigan, Ohio, and Texas.

Between April and May, insured unemployment declined in Puerto Rico, the District of Columbia, and all States but Florida. Reductions generally were moderate, with decreases of more than 15,000 reported by only four States (California, New

*Prepared in the Office of Program Reports and Research, Administration and Management Service, Bureau of Employment Security.

Week ended—	Initial claims [1]		Insured unemployment [1]	
	1965	1964	1965	1964
April 3	226, 500	264, 900	1, 599, 200	1, 910, 000
April 10	261, 900	281, 700	1, 552, 500	1, 856, 500
April 17	214, 600	232, 300	1, 498, 300	1, 761, 000
April 24	203, 200	229, 000	1, 431, 700	1, 682, 300
May 1	197, 200	225, 900	1, 344, 000	1, 597, 400
May 8	209, 900	242, 700	1, 269, 700	1, 534, 500
May 15	184, 900	217, 100	1, 209, 800	1, 464, 800
May 22	178, 700	215, 600	1, 157, 100	1, 406, 500
May 29	176, 100	194, 100	1, 094, 600	1, 352, 200
June 5	168, 700	213, 500	1, 095, 300	1, 339, 100
June 12	181, 900	215, 800	1, 061, 100	1, 309, 000
June 19	182, 800	211, 600	1, 047, 300	1, 283, 700
June 26	199, 300	210, 200	1, 045, 700	1, 249, 900
Weekly averages				
April	219, 900	246, 000	1, 469, 600	1, 755, 400
May	186, 500	217, 800	1, 178, 700	1, 447, 000
June	191, 100	218, 000	1, 059, 000	1, 296, 600

[1] Refers to State programs only.

York, Pennsylvania, and Minnesota). In five States (Ohio, New Jersey, Michigan, Massachusetts, and Illinois) reductions ranged between 14,000 and 12,000.

California's seasonal drop of 14 percent, or 38,500, reflected expansion in construction and less joblessness among food processing and lumber workers. California was the only large State with a higher level of insured unemployment (up by 4,400) than in May 1964.

In *New York*, insured joblessness dropped more than usual from April—by 13 percent, or 29,600, to 192,100. The bulk of the decrease was among workers in the nonmanufacturing sector, chiefly construction, trade, and services. Hiring incident to the reopening of the New York World's Fair influenced the May decline. From May 1964, insured unemployment was down by 31,800; nearly two-thirds of the drop was among factory workers.

Pennsylvania's better than seasonal decline of 17,500 (19 percent), which lowered the State's May average to 74,400, reflected less unemployment in all manufacturing industries except apparel, rubber, and miscellaneous manufacturing. Insured joblessness was down from May 1964 by 47,100—the largest year-to-year drop among the States.

Insured unemployment in *Minnesota* fell by 18,900, or 45 percent, compared with usual 35-percent drop between April and May. Approximately one-half of the reduction was among construction workers, and one-fifth was among factory workers, chiefly in the food processing industry.

Ohio reported a more than seasonal reduction in insured unemployment of 14,000, or 29 percent. The bulk of the drop was in the nonmanufacturing sector, primarily among workers in construction and trade. Ohio's weekly average this past May was 22,300 less than a year earlier.

In New Jersey, Michigan, Massachusetts, and Illinois, April-to-May decreases ranging between 14,000 and 12,000 were attributable mainly to seasonal expansion in the construction industry as well as greater activity in trade establishments. Compared with a year earlier, these States had reductions in insured joblessness which ranged between 16,000 and 12,000.

Initial Claims

Initial claims under State programs declined slightly more than seasonally from April, by 33,400, to a weekly average of 186,500. The May average was 31,300, or 14 percent, below that of a year earlier and was the lowest for any month since October 1956. Jobless ex-servicemen (UCX program) filed an average of 4,100 initial claims per week in May, compared with 4,866 in April and

Activity [1]	Number or amount May 1965	Percent change from—		January–May cumulative (in thousands)	
		April 1965	May 1964	1965	1964
Initial claims [2]	762, 600	−20. 2	−16. 0	5, 281	6, 159
Weeks claimed [2]	5, 103, 500	−23. 4	−19. 0	35, 984	43, 682
Insured unemployment (weekly average) [2]	1, 178, 700	−19. 8	−18. 5	1, 656	1, 982
Beneficiaries (weekly average)	1, 059, 500	−22. 8	−21. 4	1, 484	1, 787
Benefits paid [3]	$165, 717, 200	−26. 3	−17. 8	$1, 154, 409	$1, 347, 178
Claimant exhaustions	101, 800	−13. 6	−21. 7	543	684

[1] Data relate to State programs only.
[2] Includes agent State claims taken by the Virgin Islands; also includes data under Puerto Rico sugarcane program.
[3] Monthly figure represents gross amount; cumulative data represent net amounts.

4,565 in May 1964. Under the UCFE program for unemployed Federal workers, initial claims averaged 1,864 per week this past May; the year earlier figure was 2,205.

Claimant Exhaustions

During May, some 1.0 million persons dropped out of the State unemployment insurance programs, compared with 1.3 million in April. About 101,800, or 9.9 percent, of the May dropouts stopped filing because they had exhausted their benefit rights. The remainder of the dropouts presumably were reemployed, or they may have left the labor force or have been disqualified for receipt of benefits.

Benefit Payments

A total of $179.2 million was paid out in benefits under all regular unemployment insurance programs in May—down by 26 percent from April and 18 percent from May 1964. Benefits paid out under State programs this May totaled $165.7 million—$59.2 million below the preceding month. Benefits amounted to $4.3 million under the railroad program, and $9.3 million under the two Federal programs.

Under State programs, the average weekly benefit check for totally unemployed workers declined from $37.16 in April to $36.40 in May. A decrease between these months is usual. Compared with a year earlier, the average benefit was 90 cents higher. In the District of Columbia and four States (California, Colorado, Hawaii, and Wisconsin), benefits averaged more than $40 per week, while in Puerto Rico and three States (Maine, Mississippi, and North Carolina) average weekly payments were less than $25.

Of all unemployment benefit checks issued in May, nearly 10 percent were for partial unemployment, compared with approximately 8 percent in April. The proportion of claimants receiving weekly checks for partial joblessness ranged from 1.9 percent in Indiana to 18.2 percent in New Hampshire and 20.0 percent in North Dakota. The average weekly check for partial unemployment amounted to $21.90 in May, compared with $22.23 in the preceding month and $20.54 in May 1964.

Trends in June

Continued hiring in seasonal industries, including construction, apparel, food processing, lumbering, and recreation-related activities lowered State insured unemployment by 11 percent, or 119,700, between May and June to a weekly average of 1,059,000. A year earlier, the volume was 1,296,600. The seasonally adjusted level of insured joblessness this June was 1,261,000, compared with 1,270,000 in May and 1,544,000 in June 1964.

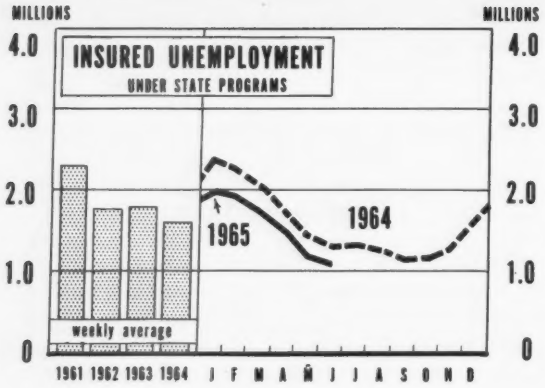
Insured unemployment under the two Federal programs also showed moderate decreases between May and June. Joblessness among Federal employees (UCFE program) moved down by 1,400 to a weekly average of 20,400, while that among ex-servicemen (UCX program) declined to a weekly average of 30,400—some 2,400 below the May average.

Nationally, the rate of State insured unemployment (not seasonally adjusted) moved down from 2.7 to 2.4 percent—the lowest June rate since 1953. In June 1964, the rate was 3.1 percent. Rates this June were above 3.5 percent in Puerto Rico (6.3), Alaska (5.4), and California (4.9). Rates were below 2.0 percent in the District of Columbia and 22 States, including Illinois, Indiana, Michigan, Ohio, and Texas.

Most States experienced only small changes in insured joblessness between May and June. Declines occurred in the District of Columbia and 46 States, and amounted to more than 9,000 in only California, New York, and Pennsylvania. The sole increase amounting to more than 1,000 was in Florida where the seasonal lessening in tourism resulted in an increase of 2,500 in insured unemployment.

Activity [1]	*Number or amount*	*Percent change from—*		*January–June cumulative (in thousands)*	
	June 1965	*May 1965*	*June 1964*	*1965*	*1964*
Initial claims [2]	870,200	+14.1	−10.8	6,151	7,135
Weeks claimed [2]	4,929,100	−3.4	−15.7	40,913	49,532
Insured unemployment (weekly average) [2]	1,059,000	−10.2	−18.3	1,574	1,905
Beneficiaries (weekly average)	941,300	−11.2	−17.5	1,391	1,677
Benefits paid [3]	$156,276,000	−5.7	−14.7	$1,309,288	$1,528,633
Claimant exhaustions	98,000	−3.7	−17.8	641	804

[1] Data relate to State programs only.
[2] Includes agent State claims taken by the Virgin Islands; also includes data under Puerto Rico sugarcane program.
[3] Monthly figure represents gross amount; cumulative data represent net amounts.



California's decline (19,800, or 9 percent) was about seasonal and was almost evenly divided among trade, construction, and factory workers. The State's June volume of insured unemployment was virtually the same as a year earlier.

New York experienced a greater than seasonal decline (8 percent, or 16,000), which lowered the State's June average to 176,000. Over one-half the unemployment reduction was among workers in the manaufacturing sector, and one-third was among construction workers. From a year earlier, the State's insured jobless total was down by 32,900.

Insured unemployment in *Pennsylvania* fell from May (by 9,200, or 12 percent) to a June average of 65,200. The May-June decrease, which was over twice the expected decline, mainly reflected greater activity in the factory sector. Over the year, insured unemployment was down by 41,100, reflecting less joblessness among workers from every industry except tobacco, petroleum, and rubber.

Three States—Ohio, Michigan, and Massachusetts—with only small over-the-month decreases in insured unemployment showed sizable reductions from a year earlier. Ohio's drop of 16,400 from June 1964 reflected improvement in all industries but tobacco, paper, chemicals, leather, and stone-clay-glass, while the bulk of a 14,900 reduction in Michigan was among manufacturing workers, chiefly in fabricated metals, machinery, and transportation equipment. Of a 12,800 decline in Massachusetts, about three-fourths resulted from less unemployment among workers from the factory sector, mainly those from the electrical machinery and textiles industries.

Initial Claims

Initial claims, which normally show little change between May and June, edged up by 4,600 to a weekly average of 191,100. However, this was 26,900 below the June 1964 average and was the lowest for any June since 1953.

Claimant Exhaustions

Approximately 900,000 persons dropped out of the State insured unemployment programs in June. This was nearly 143,000 less than in the preceding month and some 170,000 below the June 1964 figure.

About 98,000, or 11 percent, of those who stopped filing this June had exhausted their benefit rights. This represents a decline of 3,800 from May and 21,100 from the year-earlier total. The remainder of the dropouts presumably were reemployed or had left the job market.

Benefit Payments

Benefits disbursed under all regular unemployment insurance programs (including the railroad program) amounted to $169.0 million in June, compared with $179.2 million in May and $198.7 million in June 1964. The June total (the lowest for the month since 1957) included disbursements of $156.3 million under State programs, $3.5 million under the railroad program, and an aggregate of $9.2 million under the two Federal programs (UCX and UCFE).

The average weekly benefit check for totally unemployed workers covered by State programs came to $36.07 in June—33 cents less than in May but 70 cents above the June 1964 amount. In the District of Columbia and five States—California, Colorado, Hawaii, Nevada, and Wisconsin—weekly benefit checks this June averaged over $40. The average was less than $25 in Maine, Mississippi, North Carolina, Puerto Rico, and West Virginia.

Of all unemployment benefit checks distributed in June, nearly 10 percent were for partial unemployment—about the same proportion as in May. The highest percentages of partial joblessness occurred in North Dakota (20.6), Idaho (19.3), Pennsylvania (17.5), and New Hampshire (17.3). The average weekly benefit amount for the partially unemployed was $22.84 in June, compared with $21.90 in May and $21.60 in June 1964.

Trends in Fiscal Year 1965

Reflecting the continued expansion in the economy, insured unemployment declined from a weekly average of 1,703,200 in fiscal year 1964 to 1,439,600 in fiscal year 1965. As a result, the rate of insured joblessness fell from 4.0 percent to 3.3 percent—the lowest fiscal-year rate since 1956. Except for a rise in December, the seasonally adjusted level of insured unemployment moved down steadily throughout the fiscal year, from 1.6 million in July 1964 to 1.3 million by June 1965.

With the exception of Arizona, California, Nevada, New Mexico, Puerto Rico, and Utah, all States showed lower volumes of insured joblessness in fiscal 1965 than in the previous July-to-June period. Nearly one-half the net national decline occurred in four States—Pennsylvania, New York, Ohio, and Illinois. Reductions in these States amounted to 54,000, 30,000, 25,000, and 17,000, respectively. California was the only large State with a higher average than in the preceding year (up by 13,500); the increase was primarily among construction workers.

Initial Claims

Initial claims filed under State programs declined between fiscal years 1964 and 1965 by 1.9 million, or 13 percent, to 13.0 million. This was the lowest total for any fiscal year since 1957, and was about one-third less than the record high of 19.4 million in fiscal 1961, when the economy was experiencing a downturn.

Claimant Exhaustions

Reflecting the favorable job situation in the fiscal year, the number of persons exhausting their benefit rights fell from 1.5 million in fiscal 1964 to 1.2 million in 1965—an 8-year low for the July-to-June period. The exhaustion rate of claimants was at a 13-year low of 22.0 percent in fiscal 1965—down from 24.4 percent in the preceding fiscal year and from 31.4 percent in the recession year of fiscal 1961.

Benefit Payments

The amount of benefits paid under the State unemployment insurance programs dropped from $2.6 billion to $2.3 billion for fiscal year 1965. The total showed an overall decline from fiscal 1961, when a record amount of $3.5 billion was disbursed. The decline in benefits since that time has not been as sharp as that in claims activity, partly because of higher earnings of claimants and partly because of changes in some State UI laws, such as increases in the taxable wage base and in the weekly benefit amount. As a result, the average benefit check has increased for eligible claimants in some areas.

In our dynamic economy, occupational demands change continually: New skills are needed; old ones become outmoded; individual companies and industries often contract or expand rapidly. As a result, there are always some workers seeking new employment and some employers seeking new workers. Fluctuations in area growth rates and patterns often lead workers to relocate in order to find or fill job needs.

Too often this change requires workers to undergo dislocation, joblessness, or underemployment. It requires employers to experience unfilled job needs. These burdens and wastes can be minimized substantially by improving the mechanisms for anticipating and aiding needed adjustment to change.

—*Manpower Report of the President and a Report on Manpower Requirements, Resources, Utilization, and Training by the U.S. Department of Labor.* (March 1965)

INCOME-MAINTENANCE PROGRAM OPERATIONS
All Programs

	1965		1964	
	April	March	April	March
Total Public Income-Maintenance Payments (millions)	$3,169	$3,192	$3,020	$3,039
Old-age, survivors, and disability insurance	1,413	1,408	1,354	1,348
Railroad and public employee retirement	1/484	1/482	1/433	1/431
Unemployment insurance, temporary disability insurance, workmen's compensation, training benefits (ARA and MDTA)	2/439	2/496	2/468	2/503
Veterans' compensation and pension programs	367	345	338	332
Public assistance	466	461	428	425
Old-Age, Survivors, and Disability Insurance				
Total beneficiaries (thousands)	20,034	19,990	19,374	19,285
Retired workers	10,788	10,772	10,450	10,409
Survivors and dependents	8,321	8,301	8,074	8,034
Disabled workers	926	917	850	842
Total monthly benefits (millions)	3/$1,348	3/$1,344	3/$1,290	3/$1,283
Retired workers	840	839	807	804
Survivors and dependents	423	421	405	403
Disabled workers	84	84	77	76
Public Assistance				
Total recipients (thousands)	8,312	8,336	8,062	8,070
Federally aided programs	7,553	7,527	7,217	7,157
Aid to families with dependent children--children	3,375	3,361	3,188	3,149
Total recipients	4,506	4,492	4,262	4,207
Old-age assistance	2,152	2,152	2,187	2,189
Other federally aided programs	895	883	768	761
General assistance: Cases	345	359	360	373
Recipients	759	809	845	913
Total payments (millions)	4/$466	4/$461	4/$428	4/$425
Federally aided programs	432	426	394	390
General assistance	23	24	24	25

Operations Under Area Redevelopment and Manpower Development and Training Acts

	Total		ARA		MDTA	
	May 1965	April 1965	May 1965	April 1965	May 1965	April 1965
Total paid trainees	51,459	57,014	4,079	4,587	47,380	52,427
Youths	9,536	11,554	NA	NA	9,536	11,554
Total net benefits	$7,818,046	$9,344,921	$238,785	$281,127	$7,579,261	$9,063,794
Training allowances	6,346,056	7,614,983	238,785	281,127	6,107,271	7,333,856
Youth allowances	(5/)	(5/)	NA	NA	(5/)	(5/)
Subsistence allowances	980,523	1,159,492	NA	NA	980,523	1,159,492
Transportation allowances	491,467	570,446	NA	NA	491,467	570,446

Temporary Disability Insurance Activities Under State and Railroad Programs

	First claims received		Weeks compensated		Benefits paid		Benefits paid	
	May 1965	April 1965	May 1965	April 1965	May 1965	April 1965	May 1964	April 1964
California								
State plan								
Basic benefits	42,534	47,493	269,383	300,992	$14,596,030	$16,265,974	$14,363,284	$15,574,642
Additional hospital benefits	6/3,626	6/24,518	7/32,014	7/185,233	384,168	2,222,796	2,539,692	2,662,908
Private plan	2,916	3,587	(8/)	(8/)	(8/)	(8/)	(8/)	(8/)
New Jersey								
State plan	7,435	7,816	53,170	58,302	2,072,206	2,237,850	1,872,885	2,161,414
Private plan	(8/)	(8/)	(8/)	(8/)	(8/)	(8/)	(8/)	(8/)
New York	(8/)	(8/)	(8/)	(8/)	(8/)	(8/)	(8/)	(8/)
Rhode Island	2,628	2,934	24,502	27,196	853,064	944,159	854,669	917,663
Railroad								
Sickness	9,699	11,029	9/76,922	10/91,824	2,194,992	2,686,378	2,350,569	2,821,646
Maternity	144	136	9/1,756	10/2,030	121,658	142,829	158,418	165,500

1/ Data not comparable with earlier reports. Effective January 1964, Federal noncontributory and State and local retirement systems previously included with the data for unemployment insurance, temporary disability insurance, and workmen's compensation are included with railroad and public employees retirement systems.

2/ Data for temporary disability insurance and workmen's compensation include estimated payments made by private insurers and self-insurers in accordance with law.

3/ Current payment status, excludes lump sum and retroactive payments and adjustments for over and under payments.

4/ Total exceeds sum of items because of inclusion of vendor payments, not shown in detail.

5/ Data for youth allowances are not available separately but are included in training allowances.

6/ Represents the number of payments made. 7/ Days for which additional hospital benefits were paid. 8/ Data not available.

9/ Estimated from data "benefit periods" compensated which number 38,461 for sickness and 878 for maternity.

10/ Estimated from data "benefit periods" compensated which number 45,912 for sickness and 1,015 for maternity.

NA--Not applicable.

SELECTED UNEMPLOYMENT INSURANCE STATISTICS, STATE PROGRAMS, MAY 1965

State	Initial claims received 1/ 2/	Weeks claimed 2/	Number of insured unemployed (weekly average) 3/	Number of beneficiaries (weekly average) 3/	Average weekly payments for total unemployment	Number of final payments 4/	Benefits paid 5/	12 months ending May 31, 1965 (in thousands)		Funds available May 31, 1965 7/ (in thousands)
								Benefits paid 6/	Collections and interest	
Total	8/762647	8/5103464	8/1178691	1059521	$36.15	101774	$165717180	$2329316	$3284875	$7715775
Alabama	8077	60157	12704	11039	25.88	1291	1179600	16162	30789	86533
Alaska	1492	15121	2800	2697	38.96	207	417136	5026	9523	10/11767
Arizona	6524	43457	10278	8620	37.16	789	1333962	15948	14991	65323
Arkansas	6031	46682	10749	8896	27.29	1065	976958	13235	14778	28650
California	137234	956306	231367	197365	44.09	21516	45576573	2/539348	523154	659678
Colorado	4247	24535	5718	5130	43.63	536	904193	13784	18889	57279
Connecticut	9086	75397	17840	16358	36.92	1795	2492473	42069	58378	189550
Delaware	1104	7848	1778	1859	38.36	216	287655	5672	10366	21729
Dist. of Col.	1703	18040	4287	4360	41.00	319	746000	9666	10201	63613
Florida	17514	77072	19540	13070	27.93	1860	1499803	22020	45985	172358
Georgia	9818	65262	14750	11677	28.46	1687	1275798	17273	37954	183797
Hawaii	2072	17297	4362	3670	40.83	258	590297	7169	11176	21102
Idaho	1739	16913	3745	3422	36.19	544	494574	6726	9716	28434
Illinois	30304	203187	47613	42508	37.65	4777	6490818	98271	161371	508833
Indiana	11570	72836	14112	14324	29.25	1959	1739366	28367	49912	172868
Iowa	3139	24835	5469	4700	29.29	589	540024	9053	13822	112150
Kansas	3202	27253	6367	6534	38.65	737	1035202	15858	17394	61516
Kentucky	6476	63343	15030	12923	32.70	1233	1672437	21641	31132	114769
Louisiana	9902	79346	18692	17168	32.65	1896	2285127	24090	36982	119445
Maine	4398	28851	6430	5472	22.90	3	499202	7571	11859	31454
Maryland	10483	75682	15911	14630	34.44	967	2041394	31081	64496	162357
Massachusetts	32243	224154	53082	49137	39.93	4294	7592886	118802	141007	206013
Michigan	18363	119802	23081	24295	35.34	3179	3520449	66646	191231	10/474472
Minnesota	5685	96309	18882	19052	29.06	1452	2258488	31776	30836	20664
Mississippi	4400	30790	6924	6041	24.50	706	601160	9054	20749	54413
Missouri	17193	88845	20163	16376	32.76	1636	2069305	34247	50586	225755
Montana	1682	19902	3277	3520	30.91	481	471697	6666	5955	18321
Nebraska	2031	21597	4069	3332	33.39	459	455998	8260	9726	40713
Nevada	3537	20857	4941	4899	39.94	523	804076	10430	12451	29239
New Hampshire	2547	14623	3225	2472	31.36	8	297585	5333	8417	27204
New Jersey	36367	253259	59612	58845	39.81	5802	9470503	134504	144879	297093
New Mexico	3661	25390	5149	4987	29.31	328	600075	7908	7825	34424
New York	142987	796117	192052	178979	39.45	10276	28016755	386343	484503	1231819
North Carolina	19696	125353	24612	24396	28.84	1870	2267471	29981	51765	225757
North Dakota	1512	15516	2108	3082	29.34	339	503455	5769	5768	5664
Ohio	24651	143910	34112	29266	37.75	2270	4533082	84149	215742	290224
Oklahoma	6526	53916	13019	10965	26.59	1092	1191568	14579	18746	46118
Oregon	8281	59180	12771	12595	33.09	873	1709869	23962	37815	87789
Pennsylvania	54688	317854	74430	67048	32.86	3318	8611905	136601	315155	10/319192
Puerto Rico	8/10619	8/76585	8/17105	10622	17.11	2576	837155	9/17047	20697	55987
Rhode Island	6241	28028	6636	5866	30.98	588	717890	12929	22404	50464
South Carolina	5304	40508	9175	7925	28.48	1051	921784	12998	21869	91120
South Dakota	452	5614	1181	1222	30.07	255	144911	2737	2755	14823
Tennessee	7933	76233	18254	16400	27.61	1909	1844494	25478	43675	94948
Texas	23547	173861	37467	33696	29.61	5052	4077384	52743	63919	243392
Utah	3012	27990	6461	5460	37.47	668	840956	12941	11173	35974
Vermont	1235	10187	2288	2328	34.12	168	314994	4762	5288	6522
Virginia	5411	32982	7590	5980	29.06	968	727448	11810	25322	141460
Washington	15581	92697	21513	20568	33.04	3091	2800652	55059	60595	203209
West Virginia	4272	41927	9753	9367	25.07	646	959556	12976	15427	59616
Wisconsin	7147	61129	13708	13038	42.68	1527	2261119	40559	50669	201989
Wyoming	617	6543	1508	1343	39.29	123	212982	2837	5644	8792

1/ Excludes transitional claims.
2/ Total includes claims taken as agent State by the Virgin Islands.
3/ Weekly data are adjusted for split weeks in the month on the basis of a 5-day work week.
4/ A final payment is the payment for the last week of compensable unemployment in a benefit year, and indicates the exhaustion of benefit rights by a claimant for that benefit year. Because of the time lapse between the actual week in which the unemployment occurs and the date on which final payment is made the monthly total includes some claimants who exhausted their rights in the preceding month but received their final payment in the reported month, and excludes some claimants who exhausted their rights in the reported month but will not receive their final payments until the succeeding month. Workers who exhaust their rights may be entitled to additional benefits when the following benefit year begins. The number of exhaustions is not indicative of the number who are still unemployed as some will have obtained employment and others may have withdrawn from the labor force.
5/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan. Includes $9,925,985 in payments under extended duration provisions of State laws in two States: California $9,845,658 and Puerto Rico, $80,327.
6/ Adjusted for voided benefit checks and transfers under interstate combined-wage plan.
7/ Includes amount credited to States' accounts in the unemployment trust fund, less withdrawals by the States, under the provisions of the Employment Security Administrative Financing Act of 1954.
8/ Includes data under the program for Puerto Rican sugarcane workers.
9/ Includes payments made under State temporary extended benefit provisions.
10/ Funds available reflect an advance from Federal account in Unemployment Insurance Trust Fund.

NOTE.—A separate monthly report, *Unemployment Insurance Statistics*, provides more detailed data on unemployment insurance activities. Copies of *Unemployment Insurance Statistics* are available upon request to Unemployment Insurance Service, Bureau of Employment Security, U.S. Department of Labor, Washington, D.C., 20210.

SELECTED UNEMPLOYMENT INSURANCE STATISTICS, FEDERAL PROGRAMS,[1] MAY 1965

State	UCFE					UCX				
	Initial claims received 2/	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid 3/	Average weekly payments for all unemployment 4/	Initial claims received 2/	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid 3/	Average weekly payments for all unemployment 4/
Total	7,743	93,930	21,862	$391,241	$38.28	17,058	142,970	33,877	$533,9008	$36.04
Alabama	177	1,673	345	40,910	28.27	354	2,648	535	67,582	30.10
Alaska	130	2,375	573	99,084	41.20	39	520	105	14,514	32.99
Arizona	158	1,521	345	54,268	37.40	293	2,223	500	79,397	37.79
Arkansas	86	1,659	241	31,031	30.69	165	1,384	299	38,927	30.97
California	1,146	18,349	4,724	1,352,029	47.77	2,893	28,308	7,590	1,536,853	41.59
Colorado	58	630	142	25,258	42.31	164	1,539	335	57,206	40.66
Connecticut	47	407	94	16,350	41.50	129	749	145	21,443	35.09
Delaware	13	124	21	3,511	39.45	35	207	46	7,676	39.77
Dist. of Col.	192	2,938	809	152,815	44.99	101	700	160	26,702	39.85
Florida	117	1,260	166	20,575	29.52	520	3,123	699	93,064	31.72
Georgia	140	1,541	318	43,470	32.51	234	1,984	431	60,788	33.60
Hawaii	71	976	305	54,735	42.70	105	843	218	40,010	43.73
Idaho	20	350	87	13,669	37.25	74	647	163	24,245	35.50
Illinois	330	2,878	644	91,735	33.91	556	3,352	750	110,765	35.19
Indiana	84	487	101	13,444	31.71	254	1,487	305	41,647	32.46
Iowa	26	172	32	3,614	26.97	117	679	175	21,967	29.93
Kansas	46	570	132	20,343	36.65	164	1,164	292	48,320	39.35
Kentucky	116	1,495	345	48,269	33.36	332	3,435	1,262	116,760	35.38
Louisiana	125	1,593	317	44,066	33.11	286	2,557	601	88,909	35.21
Maine	42	468	86	7,523	20.72	64	487	98	12,836	31.31
Maryland	156	1,184	212	32,445	36.46	315	1,431	302	47,094	37.11
Massachusetts	284	3,510	948	182,917	45.95	351	2,996	792	138,021	41.51
Michigan	212	1,381	284	42,687	35.84	556	3,675	790	108,666	32.77
Minnesota	64	1,089	293	29,116	23.65	203	3,121	780	112,183	34.25
Mississippi	90	1,347	336	36,618	25.95	81	650	137	16,214	28.10
Missouri	196	1,352	256	35,592	33.14	320	2,581	577	82,948	34.23
Montana	39	1,086	205	28,131	32.75	67	903	161	21,999	32.49
Nebraska	24	342	83	11,562	33.22	48	383	81	11,700	34.51
Nevada	49	365	82	13,098	37.97	82	464	108	17,865	39.44
New Hampshire	27	217	73	12,430	40.49	52	208	59	10,096	40.71
New Jersey	241	1,916	348	63,994	43.80	510	4,154	931	156,126	40.42
New Mexico	107	1,901	375	49,890	31.68	150	1,449	287	39,496	32.80
New York	865	7,573	1,520	251,259	39.37	1,236	8,537	1,787	263,302	35.08
North Carolina	128	1,754	366	40,635	26.42	301	2,466	524	71,494	32.48
North Dakota	15	683	126	19,261	36.27	34	1,169	226	34,486	36.38
Ohio	125	1,321	349	52,582	35.84	755	4,845	964	141,557	34.96
Oklahoma	84	1,554	401	45,501	27.02	187	2,487	608	75,617	29.63
Oregon	84	1,190	289	39,256	32.36	254	1,565	393	62,105	37.65
Pennsylvania	388	4,546	1,085	161,312	35.41	1,277	10,107	2,281	346,594	36.17
Puerto Rico	42	929	220	34,142	36.99	197	3,962	874	128,142	34.90
Rhode Island	36	525	119	17,875	35.68	75	508	117	16,618	33.91
South Carolina	84	696	139	18,698	32.07	175	1,294	285	41,596	34.75
South Dakota	27	419	102	13,060	30.44	32	398	101	13,067	30.67
Tennessee	221	3,613	957	137,437	34.20	376	3,597	805	107,834	31.88
Texas	351	4,580	1,137	153,705	32.18	781	7,567	1,874	271,779	34.52
Utah	78	1,050	246	40,169	38.89	88	1,169	256	38,482	35.83
Vermont	11	108	24	4,047	39.68	28	266	60	9,026	35.54
Virginia	133	1,414	279	40,904	34.87	203	1,658	317	45,938	34.46
Virgin Islands	13	24	5	717	32.59	5	9	3	571	51.91
Washington	322	3,672	929	138,251	35.42	912	5,706	1,404	219,887	37.28
West Virginia	46	372	74	6,864	22.00	288	3,347	763	94,922	29.61
Wisconsin	63	543	118	19,332	38.90	225	2,047	470	73,651	37.33
Wyoming	12	208	55	9,055	39.54	13	215	53	8,321	37.31

1/ The programs for Federal civilian employees (UCFE) and for ex-servicemen (UCX), established under Title XV of the Social Security Act, became effective January 1, 1955 and October 27, 1958, respectively. Data exclude information on claims filed jointly with State unemployment insurance programs.

2/ Includes transitional claims.

3/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan. UCFE includes $404,253 in payments under extended duration provisions of State laws in California. UCX includes $211,055 in payments under extended duration provisions of State laws in California.

4/ Includes data for total, part-total, and partial unemployment. Separate data for total unemployment are not available.

SELECTED UNEMPLOYMENT INSURANCE STATISTICS, STATE PROGRAMS, JUNE 1965

State	Initial claims received 1/ 2/	Weeks claimed 2/	Number of insured unemployed (weekly average) 3/	Number of beneficiaries (weekly average) 3/	Average weekly payments for total unemployment	Number of final payments 4/	Benefits paid 5/	12 months ending June 30, 1965 (in thousands) Benefits paid 6/	12 months ending June 30, 1965 (in thousands) Collections and interest	Funds available June 30, 1965 7/ (in thousands)
Total, 52 States	8/870,213	8/4929.051	8/1058.974	941,325	$36.07	97,960	3156276010	$2302.755	$3290.107	$7643.133
Alabama	8,928	56,532	12370	9,483	25.90	1,088	1063511	15855	30882	86324
Alaska	1,365	9,586	1,924	1,768	37.76	184	289.008	5003	9558	10/11557
Arizona	11,233	46,704	10,457	8,049	37.03	842	1,298953	16339	15014	64705
Arkansas	7,233	42,934	9269	7,081	27.05	779	816192	13226	14798	28181
California	160,616	984,602	211,328	182,913	45.37	22,412	46509096	9/541100	525967	6234115
Colorado	4,658	23,293	4,784	4,396	43.50	513	812598	14003	18976	57044
Connecticut	11,862	75,717	16,424	15,571	35.97	1,734	2418313	40983	58570	188880
Delaware	1,299	6,107	1,345	1,423	39.63	157	239345	5432	10424	21704
Dist. of Col.	2,627	18,205	4,007	4,064	40.67	368	721959	9597	10195	63536
Florida	19,610	100,348	22,003	15,909	27.51	2,310	1890853	21660	46195	172286
Georgia	9,946	62,052	13,803	10,135	28.60	1,486	1160740	17066	38211	184359
Hawaii	2,154	17,973	3,974	3,552	40.60	282	608431	7162	11214	20746
Idaho	1,782	12,696	2,398	2,165	35.18	357	312124	6560	9739	28389
Illinois	35,534	195,885	42,337	38,561	37.03	4,216	6094607	96815	162146	507443
Indiana	12,415	58,028	12,436	10,980	28.15	2,075	1341441	27487	50135	173248
Iowa	3,076	19,260	4,115	3,544	28.50	457	419215	8939	14038	112879
Kansas	4,965	30,047	6,516	5,607	39.03	546	943235	15929	17413	61173
Kentucky	8,174	57,415	12,411	10,733	32.33	1,335	1455225	21045	31236	114339
Louisiana	11,363	70,707	15,806	14,776	32.93	1,443	2071715	24126	37198	118579
Maine	4,008	23,874	4,808	4,070	23.39	0	395682	7367	11910	31382
Maryland	8,666	59,569	13,680	13,214	34.73	913	1938078	30456	64691	162392
Massachusetts	37,461	286,864	48,773	46,238	39.01	4,107	7342202	117160	141497	201160
Michigan	22,257	94,066	21,137	17,075	33.59	2,032	2455246	64691	192459	10/475756
Minnesota	6,526	59,544	12,265	11,566	28.04	1,602	1390343	31204	30786	19511
Mississippi	5,237	29,063	6,472	5,007	24.51	639	526428	8827	20840	54442
Missouri	22,063	89,525	19,302	14,749	32.24	1,567	1966670	33916	50779	225888
Montana	1,700	10,746	2,271	2,120	30.46	376	292050	6557	5963	18226
Nebraska	2,064	16,132	3,526	2,573	32.83	360	363976	8236	9737	40711
Nevada	4,167	20,473	4,366	4,308	40.28	510	745907	10433	12482	28801
New Hampshire	2,359	11,422	2,280	1,826	31.91	5	233845	5135	8448	27237
New Jersey	43,436	243,238	51,990	52,880	39.49	5,339	8819545	133172	145376	292129
New Mexico	3,940	21,596	4,442	3,929	29.63	285	499283	7869	7802	34262
New York	161,432	824,476	176,043	167,680	39.04	10,760	27030164	382638	485375	1217024
North Carolina	20,346	109,417	24,526	21,959	23.58	1,968	2169515	29479	52056	225746
North Dakota	770	5,890	1,085	1,303	37.50	213	211602	5776	5808	5495
Ohio	30,647	144,163	30,431	25,154	36.71	2,496	3971132	81830	218418	291353
Oklahoma	7,196	55,467	11,691	8,214	26.55	887	938125	14481	18803	45679
Oregon	9,185	50,174	10,435	9,668	32.73	928	1359804	23708	37343	87257
Pennsylvania	59,527	302,769	65,231	61,118	32.30	3,891	8225081	131635	308473	10/514686
Puerto Rico	10,719	80,127	17,898	11,782	17.23	2,153	989605	9/17,413	20835	55759
Rhode Island	7,947	28,080	5,197	5,471	31.18	471	715103	12771	22483	50272
South Carolina	7,305	39,947	9,200	7,294	28.79	1,137	900893	12802	21985	91057
South Dakota	580	4,229	855	649	29.10	130	78512	2664	2756	14305
Tennessee	9,317	74,896	16,043	13,950	28.06	1,619	1667282	25093	42458	94316
Texas	22,927	159,248	34,003	28,738	29.70	4,450	3668623	52315	63937	242314
Utah	4,198	29,006	6,030	5,060	37.28	597	811108	13023	11176	35508
Vermont	1,630	9,196	1,911	1,774	32.75	134	235513	4680	5299	6360
Virginia	6,020	32,199	6,999	5,584	28.75	859	694894	11069	25518	142149
Washington	14,969	83,369	17,223	16,858	33.08	3,022	2407355	53875	60728	202799
West Virginia	4,692	39,496	8,371	7,573	24.46	600	794624	12811	15538	59427
Wisconsin	9,256	55,713	11,710	10,262	41.56	1,302	1794380	38449	50762	202231
Wyoming	752	5,448	1,076	970	38.17	84	156877	2895	5677	8705

1/ Excludes transitional claims.
2/ Total includes claims taken as agent State by the Virgin Islands.
3/ Weekly data are adjusted for split weeks in the month on the basis of a 5-day work week.
4/ A final payment is the payment for the last week of compensable unemployment in a benefit year, and indicates the exhaustion of benefit rights by a claimant for that benefit year. Because of the time lapse between the actual week in which the unemployment occurs and the date on which final payment is made the monthly total includes some claimants who exhausted their rights in the preceding month but received their final payment in the reported month, and excludes some claimants who exhausted their rights in the reported month but will not receive their final payments until the succeeding month. Workers who exhaust their rights may be entitled to additional benefits when the following benefit year begins. The number of exhaustions is not indicative of the number who are still unemployed as some will have obtained employment and others may have withdrawn from the labor force.
5/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan. Includes $12,257,399 in payments under extended duration provisions of State laws in two States: California $12,156,909 and Puerto Rico $100,490.
6/ Adjusted for voided benefit checks and transfers under interstate combined-wage plan.
7/ Includes amount credited to States' accounts in the unemployment trust fund, less withdrawals by the States, under the provisions of the Employment Security Administrative Financing Act of 1954.
8/ Includes data under the program for Puerto Rican sugarcane workers.
9/ Includes payments made under State temporary extended benefit provisions.
10/ Funds available reflect an advance from Federal account in Unemployment Insurance Trust Fund.

SELECTED UNEMPLOYMENT INSURANCE STATISTICS, FEDERAL PROGRAMS,[1] JUNE 1965

State	UCFE					UCX				
	Initial claims received 2/	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid 3/	Average weekly payments for all unemployment 4/	Initial claims received 2/	Weeks claimed	Number of beneficiaries (weekly average)	Benefits paid 3/	Average weekly payments for all unemployment 4/
Total	10,215	94,284	20,601	$4,008,351	$38.81	22,005	139,513	30,404	$5,241,373	$37.11
Alabama	214	1,588	285	35,599	28.34	464	2,748	491	65,591	30.35
Alaska	116	1,801	446	79,881	40.67	49	359	72	10,736	34.08
Arizona	365	1,725	310	51,168	37.57	380	2,025	424	70,845	37.95
Arkansas	111	1,797	268	36,532	30.93	194	1,350	247	34,040	31.29
California	1,294	19,078	4,966	1,522,435	47.37	3,423	28,682	7,648	1,689,313	41.99
Colorado	69	546	100	19,010	43.40	264	1,457	289	52,284	41.14
Connecticut	75	458	68	15,237	40.63	158	696	144	22,346	35.25
Delaware	19	124	21	3,865	41.56	52	175	40	7,038	39.54
Dist. of Col.	221	3,309	861	169,640	44.76	102	694	156	27,264	39.74
Florida	207	1,483	181	23,162	29.13	708	3,827	708	99,743	32.00
Georgia	214	1,436	266	37,852	32.30	278	1,922	365	53,981	33.65
Hawaii	106	966	289	54,132	42.59	129	880	208	41,892	45.68
Idaho	28	173	37	6,143	37.69	100	460	93	14,753	36.16
Illinois	435	3,322	671	100,900	34.15	871	3,496	684	105,656	35.10
Indiana	107	476	100	13,898	31.65	337	1,260	246	35,089	32.40
Iowa	32	161	36	4,527	28.65	172	649	138	18,442	30.48
Kansas	83	603	123	20,708	38.21	249	1,250	250	43,632	39.63
Kentucky	207	1,274	300	45,972	33.29	517	3,463	761	119,618	35.74
Louisiana	182	1,551	290	42,566	33.36	371	2,597	536	83,887	35.59
Maine	38	405	75	7,520	22.79	82	438	83	11,528	31.50
Maryland	182	982	199	32,082	36.71	299	1,187	271	44,290	37.15
Massachusetts	351	4,188	1,052	209,549	45.27	442	3,321	751	146,948	44.45
Michigan	214	1,284	265	40,844	35.06	640	2,640	540	79,055	33.26
Minnesota	91	863	227	24,144	24.14	293	2,067	509	78,735	35.17
Mississippi	150	1,266	280	32,118	26.03	129	673	121	15,046	28.23
Missouri	218	1,514	271	37,306	31.27	514	2,551	522	78,811	34.34
Montana	40	434	83	11,562	31.68	71	417	90	12,876	32.52
Nebraska	56	317	71	10,254	32.65	69	305	62	9,466	34.67
Nevada	55	368	64	10,890	38.75	112	428	96	17,128	40.49
New Hampshire	40	257	62	10,507	38.77	77	242	56	10,326	41.81
New Jersey	315	2,172	397	77,389	44.30	576	4,006	922	165,436	40.77
New Mexico	194	1,256	237	32,480	31.17	216	1,187	234	35,830	32.88
New York	965	8,418	1,552	268,904	39.38	1,513	8,908	1,705	261,428	34.84
North Carolina	298	1,594	345	41,813	27.53	334	2,146	462	66,470	32.68
North Dakota	38	345	74	11,703	35.90	46	394	90	14,103	35.43
Ohio	220	1,350	338	53,868	36.27	1,140	5,225	885	137,464	35.32
Oklahoma	144	1,841	330	39,342	27.11	236	2,679	470	61,925	29.94
Oregon	126	881	190	26,764	32.05	317	1,482	310	52,538	38.46
Pennsylvania	535	4,882	992	154,092	35.30	1,784	10,244	2,101	336,361	36.38
Puerto Rico	130	920	178	31,076	39.79	227	3,836	809	126,038	35.39
Rhode Island	49	603	129	20,087	35.49	91	472	104	15,712	34.38
South Carolina	115	706	134	18,704	31.76	219	1,258	263	40,240	34.81
South Dakota	44	441	73	10,005	31.07	92	329	68	9,511	31.60
Tennessee	298	3,625	925	141,521	34.79	433	4,003	842	120,169	32.43
Texas	375	4,441	950	136,778	32.73	999	7,351	1,665	252,218	34.42
Utah	91	1,084	206	35,311	38.97	153	1,251	247	39,995	36.76
Vermont	17	86	18	3,072	38.89	38	222	49	7,589	34.97
Virginia	167	1,520	295	45,041	34.75	276	1,561	297	44,642	34.21
Virgin Islands	13	29	6	1,010	36.07	1	15	2	518	51.80
Washington	369	3,127	761	121,811	36.38	994	5,311	1,191	195,715	37.36
West Virginia	68	416	71	6,744	21.55	425	3,244	685	90,842	30.13
Wisconsin	110	628	96	16,496	38.91	317	1,969	367	63,017	39.02
Wyoming	14	170	37	6,335	38.63	32	161	32	5,253	37.79

1/ The programs for Federal civilian employees (UCFE) and for ex-servicemen (UCX), established under Title XV of the Social Security Act, became effective January 1, 1955 and October 27, 1958, respectively. Data exclude information on claims filed jointly with State unemployment insurance programs.

2/ Includes transitional claims.

3/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan. UCFE includes $487,348 in payments under extended duration provisions of State laws in California. UCX includes $276,285 in payments under extended duration provisions of State laws in California.

4/ Includes data for total, part-total, and partial unemployment. Separate data for total unemployment are not available.

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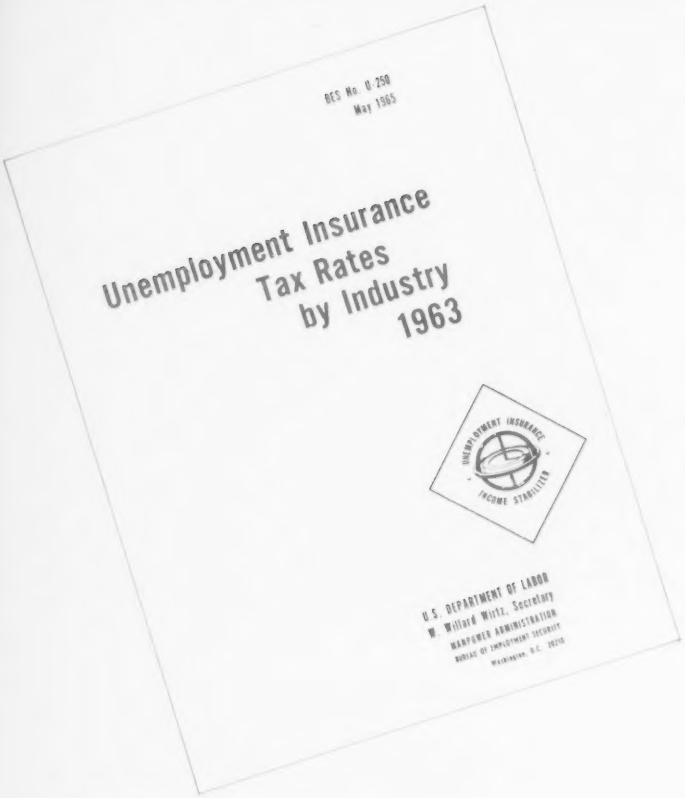

- *Unemployment Insurance Tax Rates, by Industry, 1963*, contains useful indicators of variations in the cost of unemployment insurance to the major types of industry.
- Detailed data, shown separately for each of the 50 States, the District of Columbia, and Puerto Rico, include:

  The taxable wage base, minimum and maximum statutory limits of employer tax rates, and the range of tax rate schedules in effect during 1963;

  Average employer contribution rates (as percent of taxable and total wages) by major industry division;

  Covered employment and wages, taxable wages (dollar amount and as percent of total wages), and average tax rate as a percent of taxable and of total wages, for all major industry divisions and the principal two-digit industry classifications.
- Single copies of *Unemployment Insurance Tax Rates, by Industry, 1963* (BES No. U–250, May 1965) may be obtained without cost, as long as supplies permit, by writing to Unemployment Insurance Service, Bureau of Employment Security, U.S. Department of Labor, Washington, D.C., 20210.

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